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The Eurasian Economic Union and China
-
A fire bowl of interests

Relatore

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This thesis is the most tangible output of the past two years, spent studying to get my Master's Degree in Global Development and Entrepreneurship. During this path I had the opportunity to study the most current topics related with international economics, and, among these, the Geopolitics has aroused in me a keen interest, which has grown even outside of academic environment.

The choice fell on the Eurasian Economic Union and its relations with China; I decided to focus on the EAEU with the aim to learn more about this extremely contemporary organisation, which, however, if on the one hand it is little mentioned by conventional media, on the other hand the topic is experiencing great interest and development from the scholars. With this thesis, I decided to try my best to provide further contribution.

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ABSTRACT

Starting from a theoretical framework concerning regionalism and the emerging of the archipelago globalisation (M. Deaglio), this research has aimed to highlight the advantages that could be drawn from the development of EAEU by both its member countries (Russia, Kazakhstan, Belarus, Armenia, Kyrgyzstan) and China.

The second chapter has been entirely dedicated to the EAEU, highlighting lopsided economic integration among its partner countries and different orientations in the foreign relations of its Members. The analysis shows how this Russia - led integration project then seems based on different expectations: Russia may cover a geopolitical strategic interest while an economic interest may be attributable to the other four Members.

The third chapter analyses the China - EAEU relations. In analysing the role of the Shanghai Cooperation Organisation and the Belt Road Initiative, a Chinese interest in Russia (Ice silk Route, Siberia) and in Central Asia is being highlighted, proving how the Chinese investments aim to further expand towards the West and to progressively acquire control over the energetic resources of the EAEU. The advantages which China may get are attributable to the chance to integrate the BRI with the EAEU, establishing even more a huge presence in the region.

The EAEU is relatively young and still under development, and a fragile equilibrium permeates the China - EAEU relations; the risk for the EAEU, then, is not to succeed in establishing a peer relation with China.

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CHAPTER 1 Regionalism and economic reasons

1.1 Regionalism and Multilateralism

Each country of the world, act as an integrated part of the international system: each country, in fact, act on behalf of its principles, which lays at the basis of the own policies. Leaving aside the exceptions, counties act both in the domestic context and abroad according to their basic principles. In addition to national sovereignty, states may decide to cooperate or not with other states, adopting cooperative or non - cooperative behaviours as applicable (Troiani, 2000). Considering classic international law, each state is sovereign within its borders; states, in addition to the stipulation of agreements and negotiations with each other (both bilaterally and multilaterally), can also revoke their participation to any negotiation once they find that conditions have changed. Under this point of view, regional integration could also be considered as an attempt to overcome a wide range of relation-problems between sovereign states, especially that one of defection. The fragility that characterizes cooperation efforts can lead to instability, as long as integration is based on the classical concept of sovereignty. And, obviously, the member states in this context may be tempted to act “individualistically” to obtain greater advantages for themselves without taking into account the other partner States. We can say that since the post-war period, many international cooperation efforts (among industrialized countries) have been put in place, as a concrete reaction against protectionism. One of the first examples was the GATT (General Agreement on Tariffs and Trade, signed in Geneve in 1947), which goal was to facilitate and increase international trade. (Laursen, 2003)

The facilitation of investment is generally part of the integration patterns, even though the free mobility of person generally faces many obstacles and restrictions. By the way, a concrete example of effective integration of all the four freedoms (freedoms that will be analysed in the next paragraph) is the European Union, which has implemented them as part of its internal market: free movement of goods, capital, services and persons. A wide range of different regional integration patterns characterize the contemporary world, presenting differences in their functional scopes, institutional set-up, size of membership and impact; generally, integration

schemes aim to promote freer trade among the member states, with freer movement also for capital and services. Nowadays, the main difficulty is to clearly define what “integration” actually means: does it refer to an end product or is it, instead, a process? The truth, clearly, stays in between the two, as integration can be defined as “*a process that leads to a certain state of affairs*” (Laurson, 2003).

In this context we can distinguish among typical cooperative attitudes (which are the stipulation of agreements and pacts) and non - cooperative attitudes (which refer, instead, to all those actions aiming to harm the interests of other countries, and, in the worst scenarios, the economic sanctions, war and retaliations). Non - cooperative attitudes are generally unilateral actions towards another state. Cooperative attitudes, instead, tend to acquire a bilateral or multilateral nature; multilateralism is, therefore, directly linked with the phenomena of the regionalism and vice versa (Troiani, 2000). The two concepts, multilateralism and regionalism, need to be defined separately and in detail; so, the first definition regards multilateralism.

Considering the born of this phenomenon, we can say that **multilateral cooperation** has its roots in the 17th century as an attempt to solve property issues (such as the governance of the oceans). In the 19th century there was a step ahead, with very few multilateral agreements that mainly regarded trade, river transport and public health. Some examples of multilateral cooperation stipulated at the time and that still exist nowadays are The International Telegraph Union - ITU, The Universal Postal Union - UPU and The International Office of Public Hygiene (then incorporated in the WHO in 1946). By the way, the true birth of multilateralism may be attributable to the 20th century, maturing the consciousness that disputes concerning peace and security could be addressed in *international fora*, recognizing roles, obligations and rights to supranational powers (Bouchard & Peterson, 2011). All those Organizations formed after World War 2 constitute the core of multilateralism, as they aim to include all of the world’s states as members: the most relevant are the United Nations (UN), the World Bank (WB), the International Monetary Foundation (IMF) and, of course, the World Trade Organization (formerly, GATT) (Atsushi, 2017).

Therefore, after a conceptualization over time, we can define **Multilateralism** as *the political orientation of three or more states to implement common policies, coordinated among them on specific topics, as an alternative to unilateral decisions or bilateral agreements*. The multilateral agreement, in order to achieve the goals set, also involves cultural and behavioural codes, laws, rules, norms and values; furthermore, where appropriate, both formal and informal institutions (decision-making power and executive power) can be established on behalf of the multilateral agreement (Troiani, 2000). In addition, multilateralism becomes institutionalised when enduring rules emerge (Bouchard & Peterson, 2011). When considering international institutions, we can affirm that they affect states in three ways (Keohane, 1989):

1. Mediating the flow of information and opportunities to negotiate;
2. With the monitoring of members' compliance and their own commitments – hence their ability to make “credible commitments” in the first place;
3. With the prevalence of expectations about the solidity of international agreements.

Due to this assumption, the weakest point of this pattern regards the *classical intergovernmental co-operation*, about which the creation of “credible commitment” is largely questioned, especially by the Neo Functionalist approach. The Neo Functionalists, in fact, sceptically questioned the possibility of creating “credible commitments” through classical intergovernmental institutions, considering as influence factors the continuous changes in actions and expectations by the participating actors. Neo Functionalism, by the way, is a theory which is mainly focused on the European dynamics integration (Niemann & Schmitter, 2009), so this debate over the “credible commitment” cannot be universalized to the totality of the existing multilateral experiences, even if it provides an adequate theoretical framework for other case studies. However, the debate emerges clearly in the dynamics regarding the “emerging powers” like Brazil, Russia, India and also China, which tend to act more unilaterally as they gain political confidence (Bouchard & Peterson, 2011). In the near future, the “demand for multilateralism” may be increasing, but the problem is represented by the possible lack of both the will and

the capability to supply it by the major powers, as in this scenario, the issue of the lack of “credible commitment” emerges clearly. According to Bouchard & Peterson (2011), a further definition of multilateralism, intrinsically, is also given by the Preamble of the UN Charter¹. The preamble states: “*WE THE PEOPLES OF THE UNITED NATIONS DETERMINED (...) to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, AND FOR THESE ENDS to practice tolerance and live together in peace with one another as good neighbours, and to unite our strength to maintain international peace and security, and to ensure, by the acceptance of principles and the institution of methods, that armed force shall not be used, save in the common interest, and to employ international machinery for the promotion of the economic and social advancement of all peoples*”. Multilateralism thus implies obligation, justice and a sort of international rule of law; the type of relations generated by multilateralism are more important than the degree of institutionalization or the number of parties involved. Anyhow, it is easier to define multilateralism when considering what multilateralism, actually, is not: it is not unilateralism, bilateralism or regionalism (even if, regionalism is strictly linked with multilateralism). Multilateralism is a volunteer cooperation, within which there is a co-existence of three important dimensions: the importance of rules, the inclusiveness in terms of the parties involved and the voluntary cooperation (which, at least, it is minimally institutionalised). The basis of multilateralism are the recognition and the respect of international norms and institutions; this concept goes, of course, in contrast with unilateralism (when a single country influences the conduction of international relations). Therefore, we can affirm that the understanding of how international society has developed its institutions, norms, and regimes is propaedeutic to figure out the notion of multilateralism in international policy (Atsushi, 2017).

Then, the concept of **regionalism** needs to be defined. Regions are considered to occupy a position halfway between the state and the global order. The period after World War 2 has seen a huge increase in the interest about economic integration; in that period, in fact, many regional initiatives were established: another war among

¹ The Preamble of the UN Charter is available at the Official Site:
<https://www.un.org/en/sections/un-charter/preamble/>

West - European countries was excluded, so in the following years of recovery after the war event, the benefits deriving from economic integration among countries became the main reason to go ahead in such process (Balassa, 1976). Many regional projects were born in the second half of the 20th century: the Association of Southeast Asian Nations (Asean), the Caribbean Community (Caricom), the Economic Community of West African States (Ecowas), and the Southern African Development Community (Sadc). Furthermore, there have been several notable examples of new regional spaces, like the North American Free Trade Agreement (Nafta), the Asia - Pacific Economic Cooperation (Apec), the Arab Maghreb Union (Amu), the West African Economic and Monetary Union (Uemoa), the Southern Common Market (Mercosur), and the Central American Integration System (Sica).

The contemporary concept of regionalism takes its origins after the dissolution of the Bipolar World, when multiple factors played a crucial role in revamping regionalism. In the post - Cold War period, concomitantly with the establishment of the project of European integration, among the international community there was a sort of willingness to create more regional projects. The liberation of the global players from the *Bipolar Logic*, created new spaces to cooperate. At the same time, global interdependence was affecting more and more the national economies, to such an extent that Latin American and South - East Asian states started to perceive European regionalism (in addition with the USA's influence) as a threat to their own access to international markets. In order to mitigate their increasing marginalization in the international scenario, these countries became more committed to collective regional projects. It was precisely during the late 1980s and the early 1990s, that regionalism consistently started to take hold as a more fruitful alternative both for public and private players, just as multilateralism was facing a setback and it was likely to fail in its negotiations. Political leaders were searching for confirmations at the international level about free trade, deregulation and global economic competition: the best way to combine both the private sector (especially for the creation of economies of scale) and the public sector's expectations, was constituted by the great opportunity of regionalism. Multilateral negotiations, at a certain point showed some structural cracks, so third countries started to move towards the possibilities offered by regional integration. National decision-makers see regionalism as an opportunity to control globalisation, even if regionalism match

the liberal thinking behind globalisation. This view is justified, because the multilateralism does not seem to be able to solve the issues and challenges deriving from globalisation. Relations may be hard to be managed globally, but at the regional level (which means less players, geographical proximity and tighter economic links between countries) the relations might be easier to develop and manage. In the eyes of key players, the global liberalisation of trade threatened to be obstructed by the paralysis in the multilateral negotiations, especially referring to the failures of several ministerial conferences at the WTO (Santander, 2018). A prime, contemporary example is provided by Donald Trump's politics, with his aggressive foreign politics aiming to replace multilateral agreements, in particular regarding the WTO, with bilateral agreements (Deaglio et al., 2019).

The regionalist approach seems paradoxical if compared with the multilateralism: it tends to exclude the non - adhering countries, orienting the preferences exclusively towards the partner countries (especially through the reduction of tariffs and barriers); following this approach, a sort of contrast emerges with the principles of multilateralism, resulting somehow "discriminatory" towards those non-adhering countries. On the other hand, when following the regional approach, the principles of commercial and economic liberalism are being promoted at international level (even if circumscribed only to the regional area considered). In the scientific literature, regionalism is considered as the basis for multilateralism; and, at the same time, regionalism is not perceived as an attempt to impose itself as a substitute of multilateralism, but rather to constitute a complement for the multilateral approach in order to reinforce multilateral plans and actions and the very functioning (Troiani, 2000).

The development in the phenomena of regionalism can be seen as an intermediate stage between national - level economic policies and liberalism resulting from globalisation. Nowadays, the main players in this global game are seeking to shape globalization's dynamics to match their societal preferences: notably, the main players include the United states, the European Union, Russia and China. If we consider Russia and China (these two global players, in the next chapters will be analysed in detail), it is clear that they are both searching for suitable political and economic structures in the international field: in fact, both are currently part of

individual or joint regional cooperation. In addition to the respective bilateral relations with third countries, China and Russia are both members and active promoters of the Shanghai Cooperation Organisation (SCO), focusing on security, economics, culture and science. If we only consider Russia, in the former Sovietic space it is developing the Eurasian Economic Union (EAEU), a Customs Union and Free - Trade Area among Armenia, Belarus, Kazakhstan and Kyrgyzstan and practically captained by Russia, with the hope to include other countries from the former Soviet Bloc. Regionalism today is emerging as part of the international economy, inspired for more than 40 years by neoliberal ideology (Santander, 2018). In this regard, the Russian regionalist project (EAEU) will be fully analysed in Chapter 2.

Each project follows its personal standard and rules, and these of course affect the interaction between the public and private players operating within a specific regional area, so the various regional projects differ from each other, as they have developed according to different backgrounds and with different speeds, and the evolution depends on the own situation and the unique history that lays behind the countries involved. It is not possible to put a label on the different kind of regional experiences: each regional project is affected by political dynamics and economic changes. So, it is continuously under construction and evolves according to internal (and international) political and economic developments. One of the main factors affecting regionalism, as mentioned before is globalisation, in addition with the world's growing diffusion of power. It is a dynamic and ever-changing process, and it can suffer slow - downs and even setbacks: competition among different regional projects continuously determine the rules of the contemporary political and economic order (Santander, 2018). According to Mattli (1999), one of the most important factors in regional integration processes is "*the presence of an undisputed leader among the group of countries seeking for closer ties*". Nevertheless, some of these agreements have had undesired effects, notably the elimination of trade with the rest of the world. A shift in trade like this prompted many academics to say that regional agreements were a stumbling block to globalisation and that they could even be a threat to multilateralism and the future of the WTO (Bhagwati & Panagariya, 1996).

So far, we can assume that Regionalism and Multilateralism are not synonymous. At the same time, these two phenomena can be considered as strictly matched and complementary for each other.

1.2 “The Archipelago” approach (M. Deaglio)

This paragraph is based on the contributions of Professor Mario Deaglio, economist, journalist and expert in international economics. The contemporary concept of globalisation, as stated earlier, has shaped the international dynamics slowly starting from the post - World War 2 period and reaching its apex in the 90's. The concept of “modern globalisation”, actually, takes its origins from the very first notes of globalization. Throughout the history, in many cases, there has been an alternation between globalization and de - globalization phases, in particular this happened at the beginning of the 20th century, with the outbreak of the First World War, just when a first, strong wave of economic integration was taking place. The author, analyzing the history from nowadays until the second half of the 1800s, makes a distinction between the two main globalization events which occurred, in order to provide an explanatory framework of the contemporary *postglobal* world. The two temporal distinctions highlighted by Deaglio are the “long” globalization, characterized by the so - called *classic bourgeois* (1840 - 1914) and the “short” globalization, characterized by the so - called *new bourgeois* (1985 - 2000).

The “**long**” globalization started in the 1800's and culminated with the outbreak of the World War One. Based on the classical economics theories, globalization at the time was intended as free trade mechanisms based on voluntary efforts, with a global economic integration capable to rise the wellbeing level of the population without generating any conflict. The late 19th century saw the creation of the first *global corporations* in the USA, based on cheap resources, immigrant labour, scale economies, foreign investments and innovation: this was the heyday of the industrial revolution and the capitalist system, such at the point that in 1914 the 71% of the total world manufacturing production was in the hands of USA, UK, France and Germany (Warwick & Overton, 2016). This process faced a sharp brake due to the World Wars, and slowly re - started in the post war period, reaching its

apex with the “short” phase: in fact, after the Great Depression of 1929 and the end of the Second World War (1939 - 1945), a reconstruction phase had begun. Anyhow, the world economy and its geography changed dramatically after the Second World War (Warwick & Overton). The “long” globalization phase can be considered ended with the outbreak of the World War I, leaving space for the two reconstruction phases mentioned above and developing the architecture of the modern globalization which would have reached its apex with the “short” globalisation.

The interlude between the “long” and the “short” globalizations theorized by Deaglio was characterized by the establishment of the most important trans - state organisations which fostered and regulated globalization from then until today and founding the basis for the multilateralism and the regionalism. The victors of the World War II fostered the creation of the post - war order, and the first important action taken is attributable to the Bretton Woods Agreements (1944), where the undisputed role of the USA in leading the new global governance was established. From this conference (where 45 countries participated) the International Monetary Fund (IMF) and the World Bank (WB)² were established in order to prevent the outbreak of future wars and to stabilize the global economy, in addition with the United Nations (UN)³ which is still nowadays one of the most authoritative global institutions for international security. The most targeted action to foster global free trade in the framework of the post - war regulatory system, was in any case the establishment of the GATT (General Agreement on Tariffs and Trade) in 1947, which never formalized into the official organisation of the ITO (International Trade Organisation). The GATT has then been replaced by the WTO (World Trade Organisation), but this happened not before than 1995. Not to be neglected in the post - World War II scenario is the establishment of the NATO in 1949 and the establishment of the Organisation for Economic Cooperation and Development (OECD) in 1961 (Warwick & Overton, 2016). In this stage between the “short” and the “long” globalisation, there have been almost 30 years of prosperity and

² The World Bank encompasses two institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

³ The precursor of the United Nations was the League of the Nations, established in 1920. This institution revealed itself a failure in pursuing the goals of stability and peace, considering the outbreak of the World War II only 19 years after its foundation.

development: the consumerism society and the Fordism, the booming of the FDI and the public spending. Despite this glory years, the global economy faced a breakdown due to the Oil Shocks of 1973 and 1979, to recover only at the beginning of the 1980s.

This prosperity period initiated by the establishment of the Bretton Woods Institutions (despite the Oil Crisis in the 70's), has reached the highest point with a phase which is defined by Deaglio as the **“short” globalisation**. This last phase reached its apex in the period 1985 - 2000, and figures as the most impressive one, whose effects are still affecting the global scenario nowadays. This phase, comparing to the previous one, is characterized by a higher speed; the results were greater economic and financial integration and increased global competition among firms. The concept of “global” in the context of the “short” globalization, is based on three main contributions:

- The *“global village”* metaphor⁴: the interactions and the interdependencies of the individuals generated by the rise of more sophisticated information and communication technologies, allow to the global population to communicate in real time. The “global village” allows cultural and even emotional interdependencies, generating different externalities also by the sociological point of view.
- The *“world economy”*⁵: international trade among nations and geographical areas, creates interdependencies and relations. The interdependencies among economic systems occur in a representation of the world consisting in a dominating centre, semi - peripheries and peripheries. But, the concept of “world economy” does not refer to the concept of the “globe” itself: there might be the co - existence of multiple world economies, therefore corresponding to the great supra – national economic regions. The concept of *“archipelago globalisation”* is based on this contribution.

⁴ This contribution is based on Marshall Mc. Luhan theories.

⁵ This contribution is based on Fernand Braudel and Immanuel Wallerstein theories.

- Competitive interactions among companies in a global market ⁶: the *global competition* is shaping the features of the free competition within nations and regions, where the distinctions of “internal” and “international” tend to fade, in favour of a *borderless economy*, where geographical proximity among the actors involved is a key driver.

With the short globalisation, also the *new economy* saw its heyday; by the way, this model of globalisation seems no longer sustainable in the long term. According to the author, the end of the globalisation (real or presumed) might lead to other forms of interaction among the global players, characterized by a reduced pace and more stability, and especially more constraints. When considering both the “short” and the “long” globalization, the search for more stability and an increased respect for the people create the basis for the next phase, the post - global exactly. In Deaglio’s view, three main scenarios are likely to occur in the near future: the “Pax Americana”, the “Archipelago Globalisation” and the more *huntingtonian* perspective with the “Clash of civilisations”.

Of course, the Archipelago Approach is the most important, and is the core of this paragraph. We can briefly describe the **Pax Americana** as the perceived growing supremacy of the United States, due to its technological and military power; in this view, the United States are seen as the undisputed and supreme leader, assuming the economic and military domain of the whole international scenario. Samuel Huntington, on the other hand, theorized the most dramatic and pessimistic perspective of the post global era with the **clash of civilisations**; in his view, the clash of civilisation and a planetary war are just the consequence of the failure of the project of *global civilisation*, and also of both the long and short globalization, in addition with the domain attempts of the Occidental economies over the other societies.

Among the different scenarios proposed, the **Archipelago Globalisation** is the most likely to occur. In Deaglio’s view, in fact, a world of “economic islands” is being created. The framework is characterized by clear rules for all the players and a strategic political order, with a view to strengthen and consolidate even more the

⁶ This contribution is based on Kenichi Ohmae and Michael Porter theories.

economic integration among those countries geographically near with each other or linked together by historical and cultural vicissitudes. This trend had clearly emerged during the “short globalisation”, but what is new is the perspective of integration among countries not linked by geography, history or culture. The *new global economy*, is a concept which expresses a complex reality, not merely reduced to the phenomena of regional integration; the new global economy finds its basis on two main principles, which clearly express the concept of Archipelago.

The first level is constituted by a series of regional integration patterns, intended as a grouping of neighbouring countries: the so - called “islands” are nothing but the single states which give birth to the Archipelago with their agglomeration, tending to develop own rules and supranational institutions (i.e. EU, NAFTA, Mercosur). The second level, then, is represented by a set of institutions, rules and global economic fluxes which aim is to create a homogeneous and unified global economy with the creation of links among the various islands (i.e. WTO); in addition to the official institutions, there are many *de facto* institutions, first of all the “global financial market” which includes rules, procedures and operative links which allow to transfer the financial resources all over the world in real time. Furthermore, we have to consider those organizations allowing the global functioning of the internet, air transportation, maritime transportation, international tourism, telecommunications and the traditional sectors of the international economy (first of all the oil industry). In between these two levels there is a “grey zone”, extremely volatile and influenced by the most influent governments.

Within the “islands” themselves, there are also many production systems, capable to interact with both the levels and, in particular, on the global scenario. The combination of the local production and the global production gives birth to the concept of *Glocal*: where many industrial districts (specialized in one sector) entertain commercial bonds world widely.

The differences in integration levels that characterize each sector/area involved, permit to define the current economic scenario as an “Archipelago”. All in all, this approach requires two basic conditions to work properly: the complete lack of subordination among the “islands” and a certain degree of equilibrium. In this scenario, subordination must not occur among the various islands neither

economically nor politically, as in this case, the risk is to create an imperialist kind of domination. According to the equilibrium (both political and economic), instead, it must be guaranteed by the system itself, and must be adaptive along the time without creating any conflict among the parts.

The archipelago approach is the most optimistic and likely to occur among the post global perspectives analysed so far; despite its optimistic impact, this approach tends to reduce progressively the sovereignty and the national identity of the States involved, especially under a merely economic point of view.

Among the three scenarios presented above (The Pax Americana, The Archipelago Globalization and the Clash of civilisations), the second one is the most likely to occur due to its flexibility in re - adapting the equilibriums, as it is perceived more successful than an integration pattern lead by a single, powerful country. The Author, concludes then that if well implemented, globalisation approach will be the winning one in giving space for the differences among the actors, satisfying then the needs that characterize this “*postglobal*” era.

1.3 About Regionalism and Archipelago Approach: Free Trade Area, Custom Union, Common Market, Economic Union. Balassa’s Theory

So far we have considered the most realist perspectives of the so called post global era, the current one after the end of the previous wave of short globalisation. The Archipelago approach provides a concrete framework not only for regional integration, but also for integration among different blocs. Now, analysing regional integration schemes in greater detail, a dutiful deepening must be done towards the Integration Theory of the Hungarian economist Béla Balassa (1928 – 1991), whose most important work is “The Theory of Economic Integration”, published in 1961. Balassa’s work is considered the cornerstone of any work done on issues of economic integration (Hosny, 2013). In essential terms, Balassa (1961) defines economic integration as “*the abolition of discrimination within an area*”. A further distinction must be operated when defining the concepts of integration and cooperation. According to his report for the World Bank (1976), the difference

between the two terms lies on both qualitative and quantitative factors: **cooperation** involves actions aiming at *lessening discrimination*, **integration**, instead involves measures aiming to *suppress any form of discrimination*. From this difference, which may appear blurred in a first instance, clearly emerges the complete willingness to promote freedom from discrimination within a specific group of countries when talking about integration. As defined here, if we rely on Balassa's theory, we can affirm that economic integration can be achieved following different degrees of integration; in particular, Balassa succeeded in highlighting the main different stages of economic integration: Free Trade Area (FTA), Customs Union (CU), Common Market (CM), Economic Union and Total Economic Integration (TEI). Balassa's concept has been updated by the scientific community, highlighting further steps that characterize contemporary economic integration.

A precise and complete classification of economic integration is given by the online journal Economics Online UK ⁷. In order to provide an analysis as complete as possible, the classification considered in Figure 1 has been integrated with further bibliographic references.

Independent Economy, in this framework can be considered as the "step zero", as it refers to the non – accession to any regional organization. It involves neither cooperation, nor integration.

Preferential Trade Area, (or Preferential Trade Agreement or Preferential Trade Arrangement) also known as PTAs is, generally, the basic step towards the creation of a regional trading bloc. PTAs involve the reduction (or the whole elimination) of tariff barriers on specific goods imported from other partner countries in the area. In this pattern, the goods produced within the union are subject to more advantages in terms of tariffs rather than the "foreign" goods (Panagariya, 1998). The nature of this agreement can be bilateral or multilateral; in fact, preferential Trade Area, due to its wideness, is the core structure to build Free Trade Agreement, Custom Unions and arrangements involving partial trade preferences (Panagariya, 1998).

⁷ Article available at the following website:

https://www.economicsonline.co.uk/Global_economics/Economic_integration.html

Free Trade Area, or Free Trade Agreement (FTAs) require two or more countries to reduce/eliminate tariffs on all the goods produced within the bloc; the further step comparing to PTAs is that the totality of the goods (not just on specific ones) benefit of more advantages in terms of tariffs. The most common example is the The North Atlantic Free Trade Agreement (NAFTA). Therefore, in this case, tariffs (and quantitative restrictions) among the partner countries are completely abolished, but each member country charges its own tariffs to non - partner countries (Balassa, 1961).

THE DEGREES OF ECONOMIC INTEGRATION



Figure 1: the various degrees of integration.
 Source: www.economicsonline.co.uk

Customs Union (CU) is a further development in the structure of the Free Trade Area: in addition to the abolition of tariffs among partner countries, the union establishes a common, unified set of tariffs against non-member countries; in this way, non - partner countries just make a single “payment” (a duty, that has to be divided among the partner countries). Once the goods have crossed the border of one of the member states, they can freely move within the union. We can also conclude that CU is the first step of economic integration to receive an inclusive, theoretical approach by the scientific literature: in fact, the theory related with Custom Union theory constitutes a fundamental part in Balassa’s framework analysis on economic integration (Riesebosch, 2011).

So far, the only technical difference between a CU and a FTA, is the adoption of common tariffs against non – partner countries in the case of a Custom Union. In a Free Trade Area, partner countries decide their own tariff regimes against non – partner countries (Clausing, 2000).

Moving on to the concept of **Common Market** (or Single Market), it can be said that there is a higher form of economic integration, as in this pattern, in addition to the

abolition of tariffs within the market, there are no restrictions on factor movements (Balassa, 1961). The further element comparing to the previous forms of integration lies on the extension of the trade freedom from tangible goods to all the other economic resources (services, capital and labour). In addition, also non – tariffs barriers are reduced (or eliminated).

Nowadays, the most advanced step of economic integration is the **Economic Union**, which is considered propaedeutic for the creation of a Monetary Union (MU). In an Economic Union, monetary and fiscal policies are extremely harmonized, if not almost completely unified: this phenomenon is known as "policy integration" (Hosny, 2013). An Economic

Union is a trading bloc resulting from common market, with the addition of common trade policies towards the non - partner countries; the additional element in this case lies on the freedom of the member states to pursue its own macro – economic policies. As mentioned, the extreme case of an Economic Union could be a Monetary Union (MU). A good example for the latter is the countries of the EU who use a single currency, the Euro.

Monetary Union (MU) involves a further step towards macro-economic integration contrary to the Economic

Union, especially allowing more economic convergence among partner countries involving the dismissal of individual currencies. The adoption of a single, shared currency (i.e. the Euro or the East Caribbean Dollar) automatically determines a

ECONOMIC INTEGRATION AROUND THE WORLD

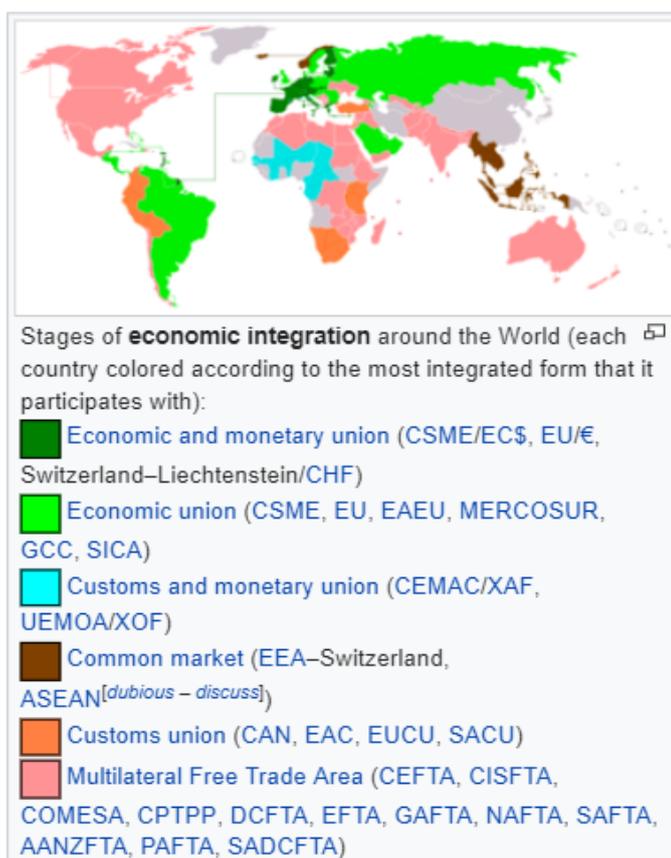


Figure 2: the contemporary global perspective concerning economic integration

Source:

https://en.wikipedia.org/wiki/Economic_integration

common exchange rate, a common monetary policy (and interest rates and the regulation of the quantity of money), and a single Central Bank (i.e. the European Central Bank or the East Caribbean Central Bank).

Fiscal Union, as a further development of the previous steps analysed so far, involves the harmonization of tax rates, in order to establish common levels of public spending and borrowing, and jointly agree national budget deficits or surpluses. A concrete example once again is the European Union, with 2012 fiscal compact (which is, actually, a softer version of a complete fiscal union).

The second – to – last step is the **Economic and Monetary Union** (EMU), which is an important step towards complete integration. An EMU involves a common market, a common trade policy, a single shared currency and a common monetary policy.

Then, in this framework, the last step (the fifth one according to Balassa's theory) is the **Total Economic Integration** (TEI) which presupposes to share and commonly accept the monetary, fiscal, social, and countercyclical policies, with the addition of the acceptance of a supra-national authority whose decisions are binding for the member states (Balassa, 1961). This involves a single economic market, and, in short, complete harmonisation of all policies, rates, and economic trade rules.

1.4 Specialization, effectiveness and evaluations about regionalism

So far, the concept of regional blocs with Deaglio's "Archipelago Approach" post global theory has been analysed, as well as the theory of economic integration (mainly focused on Balassa's approach). It is undeniable that nowadays, regionalism and regional blocs have shaped the international economic dynamics. However, this phenomenon presents both pros and cons that must be properly evaluated.

Many authors affirm that economic integration theories evolve following two main development stages, both aimed to address the political and economic issues relevant for its time. The first one is mainly based on the **static analysis**, which regards classical theories of economic integration. The second stage, instead, includes some new economic integration theories, generally based on **dynamic**

analysis; these theories are developed considering the continuous changes in economic conditions and in trade environment (Marinov, 2015).

The **static analysis** was captained by Professor Jacob Viner (1892 - 1970), with his most important book "*The customs union issue*". This publication served as a starting point for further researches among the scientific environment. Viner's approach distinguishes the effects of trade creation and trade diversion (Marinov, 2015), which, in this context, are easily observable in regional blocs.

According to Viner's - whose theories are set out below, integrated by some other scientific contributions and explanations⁸ - trade creation boosts the welfare of a state; trade diversion, instead, reduces it. **Trade creation** is a phenomena that increases the domestic production and consumption through the elimination of trade barriers for member countries; in this way, with a trade agreement signed among two countries, trade shifts from an expensive producer to a low-cost producer among member-states, so the more efficient supplier produces, leading to less wastage of scarce resources. **Trade diversion**, on the other hand, occurs when imports are moved from a non - member state (which is a low - cost supplier), to a partner country which sets a higher price. When a common customs tariff is applied, the economic integration agreement protects the expensive supplier from a member-state. Once trade bloc is formed, generally, a foreign tariff maybe be applied against non - partner countries; in this way, some goods that were initially cheaper, now become more expensive. So, partner countries' products become more convenient than the non - partner countries ones.

Many researches have integrated Viner's static analysis considering different variables and problems of integration effects; all of them concluded that no unanimous or specific answer could be provided when questioning whether customs unions increase global welfare or not. However, back in the 60's, it emerged that static analysis was not enough to analyse the phenomena of trade integration: it was there that Balassa's theory took hold, introducing the concept of the dynamic analysis. (Marinov, 2015).

⁸ Article available at: <https://www.intelligenteconomist.com/trading-blocs/>

Dynamic analysis is defined by Balassa (1961) as “large-scale economies, technological change, as well as the impact of integration on market structure and competition, productivity growth, risk and uncertainty, and investment activity”. This approach reflects the characteristics of the contemporary liberal economy even though, unlike the static approach, it is difficult to assess quantitative dynamic. Considering advantages and disadvantages of trading blocs, we can consider Viner’s theories the most accurate ones in providing a set of pros and cons in economic integration (Marinov, 2015).

THE TRIANGLE OF REGIONALISM

According once again to Pettinger from Economics Help ⁹ and Agarwal from Intelligent Economist ⁸, the trading blocs, undoubtedly, present a wide range of **advantages**. The common assumption is that tariff removal leads to greater export opportunities and lower prices for consumers living within the bloc: in

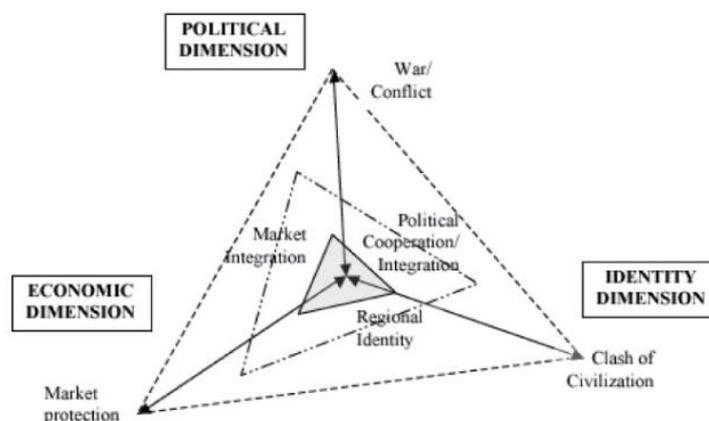


Figure 3: The three dimensions (economic, political, identity) attributed to regionalism

Source: *L'Europe en Formation - Revue d'études sur la construction européenne et le fédéralisme*. 2010/2 (n° 356)

fact, increasing the trade involves more specialization, which allows the creation of economies of scale. Scale economies are created from the economic leverage effect, with which the average cost of production is reduced as mass production is allowed. Another undeniable effect to be considered is the catch-up phenomena, that occurs when weaker countries joining a richer trading bloc start to benefit from inward investment and trade opportunities; a concrete example is given by Eastern Europe countries, which have made considerable progress in development by catching up from the Western Europe ones. Then, smallest countries may be given a greater say in international trade issues and in the agreements. Competition of course plays a crucial role in international agreements, the removal of tariffs among partner

⁹ Article available at: <https://www.economicshelp.org/blog/glossary/trading-blocks-pros-and-cons/>

countries create more profitability for firms and more advantages for the customers in terms of choice and price: member-countries firms have then a major incentive to reduce costs and to remain competitive.

Considering so many advantages, undoubtedly, economic integration processes have some **drawbacks**. In first instance, let's consider the case of the absence of proximity among partner countries; in this case many difficulties may arise due to the lack of optimisation in transport costs, and of course because of the cultural differences and the lack of economic ties. Secondly, joining a customs union may cause trade diversion due to import tariffs, which implies a reduction of the demand and the loss of business opportunities. Increased interdependence may affect the economic performances of the whole bloc, both in terms of development and recession. Another issue to be considered is the reduction of independence and sovereignty, as decisions must regard the whole area; sometimes, the joint resolutions may go against the expectations and goals of one or more partner countries. Lastly, the huge influence of multinationals plays a crucial role; due to free trade, the shift from uncompetitive industries to more profitable ones, may cause domestic structural unemployment, even if there may be benefits in terms of inward investments.

To conclude this introduction chapter to the more – extended topic of the Eurasian integration, particularly towards the Eurasian Economic Union, a set of valuable conclusions can be summarized according to Foxley (2010):

- The full potential in regional trade agreement is reached when ideological and political differences are minimum among the partner countries.
- The coordination of monetary and fiscal policies among partner countries, encourages trade integration; in fact, when these policies are not coordinated, trade integration suffers.
- Bottom - up approaches are more effective than top - down ones in promoting regional integration: companies' development of supply chains across borders is more effective than the approaches imposed by governments.

- Trade and investment norms, when disciplined by agreements (for example, agreements aiming at reducing transportation costs through coordinated efforts in order to improve the quality of infrastructure), significantly boost intra – regional trade.
- Countries must achieve better balance between fiscal stimulus and financial solvency should be better balanced to foster regional integration.
- Achievements in trade integration are easier to pursue when multilateral trade liberalization is being promoted among partner countries.

Finding out why some regions develop at a faster pace rather than the others, still remains an important research question; to provide a proper response to that question, we need to consider both the interests of the partner countries in regional blocs and the role of the common institutions set during the process, also involving other factors and variables (Laursen, 2003). The creation of strong, regional trade agreements is propaedeutic to the creation of regional blocs. Increasing for global free trade is a strategic move for middle economies, as this phenomenon allows a world-wide growth as the financial crisis recedes. In the scenario of the newly born EAEU, the challenge for the less strong economies of the former Soviet bloc is represented by the setting of proper strategies to pursue economic integration among them, without over-relying on the strongest countries of the regional bloc, like Russia.

CHAPTER 2 EAEU: What lays behind

2.1 The post - Sovietic territorial fragmentation and the *Eurasianism*

In ages, the concept of "Eurasia" represents a single, wide area. This statement is confirmed if we observe the historical and political events of the past, primarily with the Russian Empire and, with Tsarist empire then, and then again with the Soviet Union. Nowadays, the clear result of these past experiences, is culminated in an Eurasian community with common roots regarding historical, cultural and civilian vicissitudes. The current concept of Eurasia, however, differs from the historical pattern of the Sovietic experience, as it is keeping up with the contemporary global and transnational processes. The new spatial - temporal shape acquired by the modern Eurasia is following a *glo - cal approach*, and under these conditions, the Eurasian space has now the features of a global region (Lagutina, 2015). Stressing that Eurasian integration takes its origin from very specific roots, we cannot just consider an economic perspective, but also the geopolitical and cultural ones: the Russian - speaking population spread among the Former Sovietic Republics, the common language, the infrastructures and the history. The close and historic ties shared among the Eurasian States are mainly due to the politic vicissitudes: the current Eurasian Economic Union's states were originally part of the Tsarist empire (which was a centralized state), then founding themselves involved in a federal - but - centralized State led by the communist ideology, the USSR exactly. The collapse of the USSR, then, has witnessed the creation of the Commonwealth of Independent States (CIS): it was, basically, an "association of sovereign states", with few integration among the members, and where bilateral agreements prevailed under the strong Russian influence. The above mentioned geopolitical and cultural factors foretell that integration attempts in the Eurasian region has always been made. (Di Gregorio, 2017). The dissolution of the USSR had not been such an easy process, as in addition to the strong cultural and historical ties among the Soviet Space, many FSU States experienced independence for the first time. On the other hand, Russia (which has always been independent), had *de jure* replaced the figure of the USSR (Barbirotto, 2019). It is perfectly evident that since the dissolution of the USSR,

Russia had self - proclaimed as spokesman and (in a certain sense) leader among the FSU States, due to its economic and politic influence.

Since then, many other reunion attempts have been made. Before moving to a detailed analysis of the current situation in EAEU and the main geopolitical and economic vicissitudes among the partner countries, a short but necessary premise needs to be made towards the **concept of Eurasianism**. Sticking to a merely cultural perspective, Euriasianism (or Eurasism) is a “theory” which dates back to the 1920’s - 1930’s and that has been reinvigorated in recent times, with the so called “Neo - Eurasianism” born in the 1990’s; in the past few decades, in fact, Neo Eurasianism had shaped the rhetoric of the post - Soviet leadership in foreign policies, especially in Russia and Kazakhstan (Di Gregorio, 2017). Mark Bassin, in providing an analysis based on the writings of the ethnographer and philologist Nikolai Sergeevich Trubetskoi ¹⁰(which focused his research in Eurasian geopolitics and the destiny of the Russian Empire), affirms that Eurasia was intended ¹¹ as a greater entity itself and had to be a fully authenticated nation, representing “*a group or a group of groups*” which understood itself in the final analysis as a single, homogeneous and voluntarist community. Eurasianism is thus a complex phenomenon: it englobes philosophy, geopolitics, cultural and political doctrines, which changed over time and still nowadays many contradictions among them still endure. Neo Eurasianism, especially in Russia’s foreign politics, aims to define, strengthen and enlarge the sphere of influence beyond its national borders, as an attempt to safeguard and protect its etno - centred motivations. Anyhow, it is to consider that Neo - Eurasianism sabotages the foreign policy consensus, which is based on national awareness and cultural politics. Russian Neo - Eurasianism is not aiming to further expand the territories (imperial motivation), but to increase its power in the Eurasian territory and the nationalist sentiment within its borders (pseudo imperialism) (Nugraha, 2018).

¹⁰ About Nikolai Sergeevich Trubetzkoj : https://en.wikipedia.org/wiki/Nikolai_Trubetzkoj

¹¹ In the 1920 - 1930, in the years in which Eurasianist theories started to be developed

After providing a brief focus on the concepts of Eurasianism and the Neo - Eurasianism, which is a cultural feature, it is necessary to provide a geographical framework of the current perspective of the post - Sovietic space.

After the collapse of the USSR, there were 15 post - Sovietic States ¹²: Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan. After the fragmentation of the territory of the Former Soviet Union (from here on out, FSU), the States divided into five different groupings:

- *Baltic States*: Latvia, Lithuania, Estonia.
- *Central Asia*: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan.
- *Eastern Europe*: Belarus, Moldova, Ukraine.
- *Russia*
- *Transcaucasia*: Armenia, Azerbaijan, Georgia.

After the dissolution of the USSR a completely new scenario was formed, which is shaping still nowadays the dynamics in the whole Eurasian space. Before analysing the main attempts of integration after the dissolution of the Soviet bloc, a dutiful analysis of the starting scenario must be provided.



Figure 4: The groupings of the FSU states

Source: https://en.wikipedia.org/wiki/Post-Soviet_states

¹² Content available at: https://en.wikipedia.org/wiki/Post-Soviet_states

The **Baltic states** represent the part of the bloc which totally rejected the Russian influence all over their territory, and which decided to follow the European route without afterthoughts. Despite the continuation of the cross - border cooperation between the Baltic States and Russia, the general sentiment of mistrust towards the Russian inference is still permeating that territories, which have always felt more European than Eurasian ¹³. After the occupation in 1939 by the Soviet troops, they have remained part of the USSR until 1991, when after the collapse of the USSR, Lithuania Latvia and Estonia gained their independence again. Currently, they are part of the EU since 2004 and part of the Eurozone, members of the NATO and the OECD; currently, they are ranked as high - income economies by the World Bank, and their HDI figures among the highest ones in the world ^{14 15}.

The **Central Asia**, so - called “The Stans” due to its suffix, is economically, demographically and territorially lead by Kazakhstan, which figures as the major player among the Central Asian countries ¹⁶. Central Asia, currently, figures as a very delicate area in the Eurasian scenario, as it may be subject to some forms of soft regionalism. After gaining the independence in 1991, a huge debate among the scholars in favour of Central Asian regional integration started from the presidents and the political and intellectual élites ; anyhow, this debate literally faded in the 2000’s due to the growing interest in other regional projects lead by other major players in the Eurasian space, Russia in first position. Many commonalities (history, language, culture, religion), the geographical proximity and many domestic challenges faced at the same pace and level (social modernization, economic development and political growth) established (and still establish) the condition to create a soft - regional integration in the area. Some concrete examples of regionalist initiatives are for example the *Protocol for the establishment of the Common Market*

¹³ Foreign Affairs, article available at: <https://www.thenewfederalist.eu/baltic-states-russian-disquiet>

¹⁴ The occupation of the Baltic Republics, available at: https://en.wikipedia.org/wiki/Occupation_of_the_Baltic_states#Aftermath

¹⁵ The Baltic Republics and their memberships, available at: https://en.wikipedia.org/wiki/Baltic_states

¹⁶ Central Asia, available at: https://en.wikipedia.org/wiki/Central_Asia

signed by all the five States in 1993, the *Central Asian Economic Community* (CAEC) formed in 1998 (becoming then the Central Asian Cooperation Organization - CACO in 2002, and then being fully integrated in EurAsEC in 2006, after that Russia decided to join CACO making it lose its Central Asian connotation), the *Agreement on Single Economic Space* signed in 1994 by Kazakhstan, Kyrgyzstan and Uzbekistan, establishing also an intergovernmental council. Due to the difficulties which involves the creation of a common market and an economic space, these projects were never fully realized, and so many Central Asian countries followed biggest regional initiatives, such as the Eurasian Customs Union (Kazakhstan, Kyrgyzstan and Tajikistan) of 2010. Anyhow, despite the various attempts to softly - regionalise Central Asia, the efforts literally faded in favour of the wider Russia - led projects of economic integration.

The **Eastern Europe** is not that easy to circumscribe in a specific framework. **Belarus**¹⁷, characterized by a non - liberal political regime, and figures as one of the most “Russia - friendly” countries in Eurasia; these two countries decided to formalize their close ties in 1996 with a bilateral agreement, the “Union State of Russia and Belarus”, and currently, Belarus is part of the EAEU. **Moldova** lies between Ukraine and Romania, and with the latter, shares many cultural and linguistic ties; due to this affinity with Romania, Moldova is openly self - declared as Europe - oriented, even if this implies the discontent of Russia; anyhow, in late 2013, the Moldovan government opened some negotiations with EU towards a full membership¹⁸. **Ukraine**, then, currently is involved in some tensions with Russia. After gaining independence in 1991, Ukraine was prospected to be economically prosper, such at the point that had the best chance to integrate within EU¹⁹; but, of course, Ukraine found itself between Europe and Russia, and the latter of course expected Ukraine to be part of the Eurasian integration. With the clashes of 2014, fully analysed in the next paragraph, many conflicts between Ukraine and Russia

¹⁷ About Belarus: <https://www.theguardian.com/world/2014/jun/09/-sp-post-soviet-world-need-to-know-belarus>

¹⁸ About Moldova: <https://www.theguardian.com/world/2014/jun/09/-sp-post-soviet-world-need-to-know-moldova>

¹⁹ About Ukraine: <https://www.britannica.com/place/Ukraine/Independent-Ukraine>

have arisen, such at the point that Ukraine withdrew its participation in the Commonwealth of Independent States in 2018 ²⁰.

Russia is the leader country in Eurasia, due to its economic and political influence in the whole area. A dutiful focus on Russia is being made in the next paragraphs.

Then, there is **Transcaucasia**. Long before the contemporary integration efforts, Armenia Azerbaijan and Georgia tried to create a federate state of the USSR, the *Transcaucasian Socialist Federative Soviet Republic*, which lasted very little between 1922 and 1936 ²¹. Currently, the Transcaucasian republics do not enjoy a prosperous position among the Eurasian space: their economies do not figure among the most developed ones and, at the same time, the reduced territory of the states makes them fall under the Russian influence. **Armenia** figures among the poorest countries in the post - Soviet space and holds many ties with Russia. In its past, Armenia faced many political tensions, both with Turkey, with which the resentment is still enduring (caused by the genocide of the Armenians between 1916 and 1918) and with Azerbaijan as well, for the Nagorno - Karabakh territories between 1922 and 1924 ²². **Azerbaijan**, on the other hand, figures as the most prosperous state among the Transcaucasian ones due to its thriving energy sector, especially thanks to its oil and natural gas reserves ²³. Then, there is **Georgia**; its economy is ranked between Armenia and Azerbaijan, even if, currently, is facing many tensions with Russia mainly because of its Western - friendly foreign politics, which costed to Georgia many economic sanctions. The conflict in South Ossetia on August 2008 with Russia, caused further mistrust towards Russia, such at the point that, as will be analysed later, Georgia left the Commonwealth of Independent States in 2009. The decision

²⁰ Ukraine has only ratified the CIS creation agreement, but then did not ratify the Charter, which would have made Ukraine a member.

Information available at:

https://en.wikipedia.org/wiki/Commonwealth_of_Independent_States

²¹ Transcaucasia: <http://www.treccani.it/enciclopedia/transcaucasia/>

²² About Armenia: <https://www.theguardian.com/world/2014/jun/09/-sp-post-soviet-world-need-to-know-armenia>

²³ About Azerbaijan: <https://www.theguardian.com/world/2014/jun/09/-sp-post-soviet-world-need-to-know-azerbaijan>

to leave the CIS was not only due to the military conflicts with Russia, but also because of the incompatibility between the choice to join the NATO and being part of the Eurasian economic integration ^{24 25}.

If we consider Transcaucasia and Eastern Europe, an important common denominator is constituted by the **Eastern Partnership (EaP)**. Within the European Union External Action ²⁶, with the EaP was signed *a cooperation agreement to promote human rights, democracy and the rule of law* in Transcaucasia and Eastern Europe ²⁷. The “democratic conditionality” typically imposed by the EU in such agreements, had not been successfully accepted in the eastern countries: the lack of improvements both the partners’ public administrations and in the authoritarian regimes, in addition with the historical issues among them and the difficulties in the transition to a Western approach, dramatically avoid all the countries to implement significative changes and to develop according to an European model (Angeli, 2017).

After the dissolution of the USSR, many states remained under the strong influence of Russia, others dramatically chosen the Western experience without going back, while others are still temporising between the two spheres of influence. What is clear is that for those countries aiming to follow the Occidental Route, the consequences coming from Russia have always to be considered. In the last part of the chapter, the relations among the member States of the EAEU will be fully construed; what is important to figure out before providing the analysis of the relations among the EAEU States, are the various integration attempts pursued along the time, with a dutiful focus on the undisputed role of Russia.

²⁴ About Georgia: [https://en.wikipedia.org/wiki/Georgia_\(country\)](https://en.wikipedia.org/wiki/Georgia_(country))

²⁵ The South Ossetia conflict: https://en.wikipedia.org/wiki/Russo-Georgian_War

²⁶The EU External Action: https://eeas.europa.eu/diplomatic-network/eastern-partnership_en

²⁷ The Eastern Partnership: <https://www.coe.int/en/web/electoral-assistance/eastern-partnership>

2.2 Russia's reunion attempts after the collapse of the USSR and the naissance of the EAEU

For the sake of expository clarity, it is important to understand what happened after the dissolution of the USSR, in order to analyse the various steps which have led to the creation of what is currently known as the Eurasian Economic Union. This process was not linear, neither easy, and was subject to many "trials - and - errors". In the so called post - soviet Eurasia, after the collapse of the USSR, different regional integration projects have been established, with the goal to foster economic cooperation and to create more openness towards the world economy; many of these, however, have proved to be inconclusive formations, distant from reaching the desired goals. As a result, the causes of the failures of the main integration attempts can be resumed in lack of convergence and adaptation with the rules and the dynamics of the market economy, differences in the various national macroeconomic structures (as the national income and its distribution, the industrialization, national and foreign direct investments, foreign trade capacity and balance of payments), in addition with the conflicts of interest among the member states, the lack of common goals, and the contradictions created by the membership in the WTO (Atik, 2014). Russia has always been the most powerful actor in the Eurasian scenario; by the way, the various integration attempts were all Russia - centred, emerging with different names and in different processes (Atik, 2014). The focus of this chapter lies on the role of Russia, which was the power centre among the FSU States, and which covers a leadership role among the FSU countries still nowadays; so, below, a sequential analysis of the Russia - led attempts of regional integration will be undertaken.

The **CIS (Commonwealth of Independent States)** ²⁸ can be considered as the very first step towards economic integration among the FSU states. On December 12th 1991, immediately after the collapse of the USSR, 12 countries decided to sign the Alma - Ata Protocol, which contained the founding declarations and principles of the CIS, especially recognizing the independence and equality of the member states

²⁸ Contents about the CIS:

<https://www.nti.org/learn/treaties-and-regimes/commonwealth-independent-states-cis/>

<http://www.cisstat.com/eng/cis.htm>

under the international law and, in particular, on the basis of sovereign equality of CIS' members. The primary purpose was to create a free trade area among the partner states. The member states are, still nowadays: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, and Uzbekistan. The headquarter is still nowadays in Minsk, Belarus. Georgia (since 2009) and Ukraine (since 2018) are no longer participating. With the CIS, two important institutions were created: the "Rouble Zone" and the "Joint Armed Forces". On December 30th of the same year the *Agreement on Strategic forces* was signed among the members, creating the very first military body with joint armed forces, which functioned as a basis for further common military developments within the CIS. The Rouble Zone, instead, functioned as a transitory informal institution; after the dissolution of the USSR many States continued to use the Soviet

THE INTEGRATION ATTEMPTS LED BY RUSSIA AFTER THE USSR

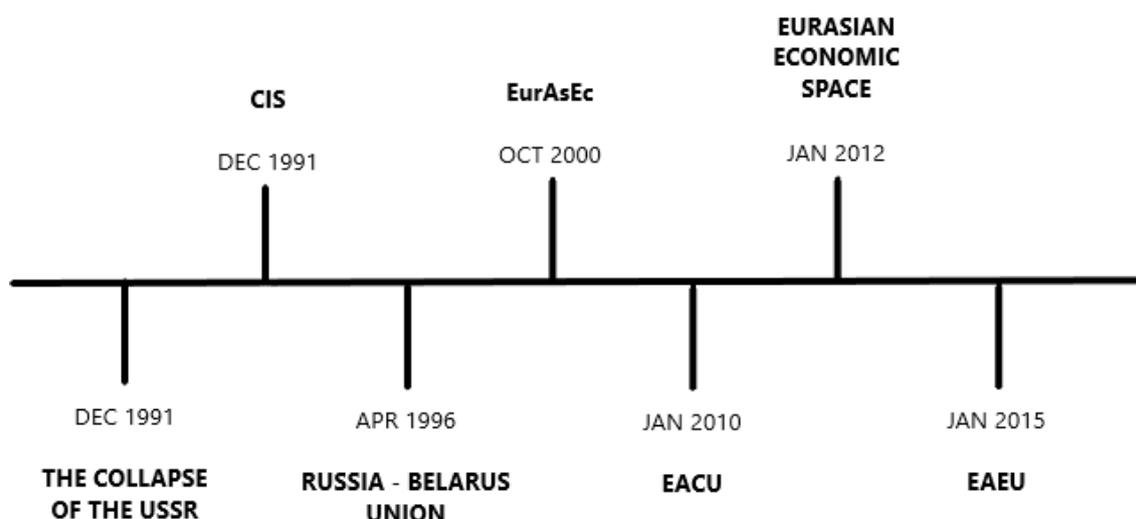


Figure 5: The integration attempts led by Russia

Source: own elaborations from Wikipedia

Rouble, but at some point, both the Central Bank of the Russian Federation pressured the newly born National banks to replace the Soviet Rouble with the national currencies (Barbirotto, 2019). Nowadays, there are no actual propositions to establish a monetary union within the EAEU, but only informal debates. According to Barbirotto once again, we can affirm that The Commonwealth of independent States has served as an intermediate passage, during which many multilateral and

bilateral agreements have been developed, increasing economic and non - economic cooperation as well among the partner countries, serving as the basis for a further step of integration for the EAEU.

Then, on April 2nd 1996, the **Union State of Russia and Belarus** ²⁹ was established. This supranational body further strengthened in 1997 after the signing of the *Treaty on the Union between Belarus and Russia*. The aim was to create a new federation like the USSR was, but, actually, the political entity of this integration project had always remained not clearly defined, due to the Belarusian economic weakness in comparison with the Russian Federation. The harmonization of the political and economic differences between the two states, actually started only in 2014 with the EAEU. Citizenship acquisition and freedom of migration are allowed among the two States, even if, the common currency have not been established yet. In the period between 2001 and 2010, furthermore, the customs union was suspended until the real entry in force of the EACU.

The **EurAsEC** ³⁰ (**Eurasian Economic Community**) was a regional organization, operative between 2000 and 2014, before being incorporated in the formal structure of the EAEU. On 10th October 2000, the Treaty for the establishment of the EurAsEC was signed in Astana (Kazakhstan) by the Presidents of Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. The aim was to create the preconditions for the Customs Union and the Single Economic Space, following the principles of the creation of free trade of goods, people and capitals, with consistent improvements in infrastructures among the member states and the creation of a common market, especially for the energy sector, also fostering equal rights, medical assistance and education among the member states.

Finally, on January 1st 2010, the **EACU (Eurasian Customs Union)** ³¹ came into force. Founded by Russia, Kazakhstan and Belarus, it was then enlarged to include Armenia and Kyrgyzstan, respectively on January 2nd and august 6th of the same

²⁹ The Russia - Belarus union: https://en.wikipedia.org/wiki/Union_State

³⁰ The EurAsEC: https://en.wikipedia.org/wiki/Eurasian_Economic_Community

³¹ The EACU: https://en.wikipedia.org/wiki/Eurasian_Customs_Union

year. The customs union was applied in all respects, then being incorporated into the EAEU.

The **Eurasian Economic Space** ³² came into force on January, 1st of 2012. Originally the Space was created on 2011, when Russia, Kazakhstan and Belarus removed the custom borders creating the Eurasian Customs Union. On 2015, then, Armenia and Kyrgyzstan joined. The functioning of the Single Economic Space lies on three different treaties, signed by Russia, Kazakhstan and Belarus: the first dates back in 2003, due to guarantee the creation on the Eurasian Economic Space; the second was signed in 2007, due to guarantee the formation of the Space; in 2011, then, the third one was signed to formally announce the creation of the Space and its common market. The Eurasian Economic Space was created to foster the harmonisation of many domestic and economic trade policies; this was the decisive step which led to the creation of the EAEU in 2015 (Golam & Monowar, 2018).

Then, on 2015, the **Eurasian Economic Union (EAEU)** finally came into force. The EAEU finds itself at the very beginning of its development and is a concrete example of regional integration. Nevertheless, when defining the EAEU as a regional integration project, we have to consider that it involves a group of states which used to be part of a unified, single entity, the USSR precisely; this is why, according to Libman and Vinokurov ³³, we can define the EAEU as a “holding - together regionalism” case, which refers to a new integrated entity constituted by a group of states previously on the way of dissolution (Barbirotto, 2019). Many different opinions are attributable to the real origin of what today we call EAEU; some state that, according to Vladimir Putin, the founding date is attributable to the creation of the Commonwealth of Independent states in 1991, while others believe that the very origin of the current EAEU dates to back to 1994, with the speech of the President of Kazakhstan Nursultan Ábishuly Nazarbayev at the Lomonosov State University of Moscow (Di Gregorio, 2017). President Nazarbayev, in his famous speech proposed

³² Single Economic Space: https://en.wikipedia.org/wiki/Eurasian_Economic_Space

³³ The expression “holding – together regionalism” is a contribution attributable to Alexander Libman and Evgenii Vinokurov on their book *“Holding-Together Regionalism: Twenty Years of Post-Soviet Integration”* (2012)

a project of economic integration, based on “*common history, mutual economic attraction, close interconnection of cultures and closeness of human aspirations give our peoples a chance to build a new type of multilateral interstate relations*”³⁴. Anyhow, the most concrete step towards economic integration have been made in 2010, when the Customs Union between Russia, Kazakhstan and Belarus was established, laying the foundations for what would have become the contemporary integration project of the FSU states, the EAEU precisely (Chufrin, 2015).

The **EAEU** is based on the Declaration on Eurasian Economic Integration of 18th November 2011 and saw as founding members Belarus (Republic of), Kazakhstan (Republic of) and Russia (Russian Federation). On February 2012 the Eurasian Economic Commission (EEC) was established as the executive body of the EAEU, and then the Supreme Economic Council was established, giving birth to the main regulatory bodies of the EAEU. Under the guidance of the Eurasian Economic Commission and the Supreme Economic Council, the integration structures created previously were then merged into a completely new integration project. According to the Treaty on the Eurasian Economic Union³⁵, the EAEU is *an international organization for regional economic integration, which enjoys international legal personality*; merely considering the legal perspective, the Customs Code of the Eurasian Economic Union, the various national legislations on the reception of the EAEU laws within the member states and the various previous treaties stipulated for regional integration, have been incorporated in the Treaty on the Eurasian Economic Union (Barbirotto, 2019). The movement of goods, services, capital and labour, are provided and, in contemporary, it pursues a coordinated and harmonized single policy in the sectors determined by the Treaty and international agreements within the Union. Armenia, Belarus, Kazakhstan, Kyrgyzstan and the Russian Federation are the current members. The principles of *sovereign equality*,

³⁴ On 2014, president Nazarbayev gave a speech in Moscow State university summing up the key concepts of his previous speech of 1994; the full speech is available in the Official Website of the President of the Republic of Kazakhstan: http://www.akorda.kz/en/speeches/external_political_affairs/ext_speeches_and_addresses/speech-of-the-president-of-kazakhstan-nursultan-nazarbayev-at-the-lomonosov-moscow-state-university

³⁵ The Treaty is available in English at the Official Website of the EAEU: <http://www.eaeunion.org/?lang=en#info>

solidarity and cooperation among the people's and the *strengthening* of the national *economies* ensuring economic development, constitute the basis for the commitment to strengthen *mutually beneficial and equal economic cooperation*. All of this, clearly, *considering the regulations, rules and principles of the World Trade Organisation and the objectives and principles of the United Nations Charter and other universally recognised principles and regulations of international law*.

The EAEU, in the international scenario, figures among the last to arrive. As a regional integration organization, the goal is fostering economic ties between the members, modernize their domestic economies, and improvement of their global competitiveness, creating a single market for goods, services, capital, and labour as a key action for the integration process. (Vinokurov, 2017).

2.3 Why Russia has a stake in EAEU development

Among the Member states of EAEU, The Russian Federation undoubtedly figures as the most developed one: alone, it represents the 80% of the GDP of the whole EAEU (Tafuro Ambrosetti, 2018) . The strong creation of the sense of national identity lies at the core of Russian political ideology, so it ends up by permeating the integration logics in EAEU as well. This current Russian hegemony over the EAEU, as said before, takes its origins right after the collapse of the USSR, when Russia became the Successor State of the USSR (Barbirotto, 2019). It is not difficult to understand how the Russian Federation, in this context, figures as an undisputed dealmaker among the Member States. Therefore, the aim of this part of the research is to frame the role of the Russian Federation (from here on out, for the sake of simplicity, Russia) in the Eurasian context, in order to understand its interests and the stake in the development of the EAEU, and its relations with the other Partner Counties.

In first instance, it is useful to consider the roots of the current situation in Russia. After the years of the Yeltsin government, Vladimir Putin was elected as Prime Minister in 1999, setting the re - grounding of the internal affairs and the re - building of the central power in that wide, Russian space as the fundamental pillars of his government project (Romano, 2016). Before the rise of Putin, the situation in

Russia was not such easy: Yeltsin presidency³⁶, in the end, shown itself incapable to provide proper economic and political development, and in such scenario, the main threat to Russia's national security was represented by the growing inference of the European Union and the NATO in the Post - Soviet space. However, with Putin, Russia succeeded in counterattacking the above - mentioned occidental projects perceived as threats, not only within its national borders but also in Caucasus, Central Asia, Moldova and Ukraine (for a while). The reconstruction of the Post - Soviet space led by Putin (after years of economic, political and military strengthening of the country) has culminated in the creation of the Customs Union in 2011 (Ferrari, 2018). It is clear that one of the most important concerns for Russia is the threat of western countries, especially the growing influence from the European Union and the United States; the geopolitical moves of Russia, therefore, albeit with economic pretexts such as the EAEU, are all aimed at claiming their own authority and to limit as much as possible unwanted inferences. Another proof in support of this thesis is constituted by the recent vicissitudes of Russia in Georgia and Ukraine. According to Romano (2016), After the *orange revolution* in Ukraine³⁷ in 2004 and, then, with the Georgian Crisis in 2008³⁸, there was the fingerprint all over it of the United States. These two facts provoked a decisive reaction from Russia; the suspects were not unfounded if considering that in April 2008, at the NATO's Bucharest Summit, the President of the United States George W. Bush proposed to Georgia and Ukraine to get the Membership Action Plan, a first step

³⁶ Boris Nikolaevič El'cin, commonly transliterated as "Boris Yeltsin", was the first president of the Russian Federation; his presidency lasted almost 9 years, from June 1991 to December 1999. Under his mandate, Russia suffered from rampant corruption and huge economic recession, such that his policies were labelled with negative connotation through the neologism "Yeltsinism".

Information available at Wikipedia: https://en.wikipedia.org/wiki/Presidency_of_Boris_Yeltsin

³⁷ The *Orange revolution* took place in Ukraine from November 2004 to January 2005, after the rigged presidential election of Viktor Yanukovich. There were protests, strikes and civil disobedience.

Available at Wikipedia: https://en.wikipedia.org/wiki/2004_Ukrainian_presidential_election

³⁸ The Georgian Crisis took place in the provinces of Abkhazia and South Ossetia, two provinces which self - declared independent, but whose governments are not formally recognized by the Georgian government; the separatist movements are strongly supported by Russia and opposed by the Georgian government. The clashes between the Russian and the Georgian army endured five days, from August 7th to 15th in 2008.

Available at Wikipedia: https://en.wikipedia.org/wiki/Russo-Georgian_War

towards the adhesion. In such that context, Putin fostered even more the creation of the Eurasian Economic Union, the modern version of the Commonwealth of Independent States, as a countermeasure against the foreign inferences (Romano, 2016). Many scholars argue that the creation of the EAEU and the process of economic integration is nothing but a Russian attempt to create a continental bloc, fostering the creation of a multipolar world; anyhow, behind any supposition, the Partner Countries allow Russia to self - propose as a great Eurasian power, trying to gain authority among global players (Golam & Monowar, 2018). After the significative events in Ukraine and Georgia, we can affirm that an additional set of huge problems in the current Eurasian integration is directly attributable to the Ukrainian Crisis of 2014, in which the role of the Western Countries was key. In this violent conflict the triggering event was the choice of the Ukrainian President Janukovyč to follow a Russian route instead of a European one. The President refused to sign a political association and a Free -Trade Agreement with the EU in the Vilnius Meeting of the Eastern Partnership in November 2013, getting even closer to Russia, one of its most important partner countries in trade, with whom he did not want to break off relations ³⁹. This series of tensions culminated in the Russian intervention in Crimea after the new elections, with the forced annexation of the area. The annexation itself, caused a series of considerable consequences for Russia: the economic sanctions from both USA and EU, the expulsion from G8, further tensions with the occidental countries and the mistrust of many neighbouring countries as Kazakhstan, Belarus and Armenia, usually well - disposed to partnering with Russia (Ferrari, 2018).

The annexation of Crimea, in addition with the events in Georgia in 2008, has shaped the current Russian dynamics in the foreign policy. Only considering a geopolitical

³⁹ The Ukrainian Revolution of 2014 started in February 18th and ended in February 23rd. The culmination of the revolution came with the ouster of the president Viktor Janukovyč. Janukovyč had to face a sort of diplomatic crossroads between signing an agreement with the EU or with Russia to obtain funding for several domestic reforms; signing the agreement with the EU would have involved the termination of all relations with Russia, and this measure would have been too severe for the country, so Janukovyč chose to sign with Russia. The result was bloody clashes and the deposition of the president, and the annexation of Crimea by Russia, which rejected the new interim government.

Available at Wikipedia: https://en.wikipedia.org/wiki/2014_Ukrainian_revolution

perspective, it is clear to deduce how the Crimean crisis had originated from the incompatibility between two mutually exclusive projects: the establishment of the Eurasian Customs Union in 2011 with the aim to actively involve Ukraine, and the expansionist ambitions of the European Union, carried out through the Eastern Partnership (EaP) and the NATO. After the elections in February 2014, Ukraine had chosen for a western - oriented political project; Ukraine is in fact sustained by EaP and NATO, and both the latter are not actually in line with Russian *politics - making*, which can be defined “Westphalian”, extremely centred on national sovereignty and its territory (Ferrari, 2018).

Even if this is not the best venue to analyse it in detail, a dutiful mention must be done towards the military intervention of Russia in Syria in September 2015. At the time, Russia was through an uncomfortable situation characterized by isolation from the Occidental countries: the military intervention in Syria constituted the chance to move the attention from the Ukrainian Crisis to the current, fragile situation in the Middle East. Russian military intervention (not only outside its national borders, but also outside the Eurasian space itself) revealed more effective than the Occidental ones in fighting the ISIS, and the liberation of Palmira was the key event to reconfirm the presence of Russia in the international scenario. From this military intervention of Russia in Syria, two evidences emerge clearly: the revamped personality of Russia in the international scenario, and, because of the effective military action, this event gave a prestige position of Russian arms industry in the international war market. (Ferrari, 2018).

The crisis in Ukraine and Syria, the economic sanctions and the progressive deterioration of the relationships with the Occidental countries, seems to have somehow temporary forced Russia to focus on solving its issues in the international scenario, rather than focusing on the empowerment and the further development of the EAEU; as a consequence of the imbalances in the international scenario, Russian economy turned into recession in the past few years. Despite the slow growth seen in 2017, the situation still remains weak, in a stalemate. Being the most important country in the EAEU, of course, the negative impacts also affect the partner countries, which are currently reluctant for various motivations to concretely commit in the process of Eurasiatic integration: first, because of the fear to lose part

of their sovereignty and independence in favour of the Russian, authoritarian politics, and secondly because of the divergence of interests among the partner countries (Tafuro Ambrosetti, 2018). The set of events which characterized the past 20 years, and which have seen the Russia of Vladimir Putin as a relevant key actor both in the Eurasian space and for Russia itself in the international scenario, unavoidably caused some perplexities, incoherencies and question marks regarding the role of Russia in the EAEU, as being the key player in this regional integration pattern. It is clear that, first of all, the main fears and doubts may arise from the partner countries: the aim to be part of a regional integration process presumes the equality and the lack of hierarchic subordinations among the members, in addition with the principles of equality. EAEU, of course lies its foundations following these principles, but the element which clashes with this theoretical framework is Russia precisely, due to its aggressive and dominant political regime, and its “Westphalian” way to affirm itself politically.

Right now, for Russia seems impossible to build peer relations with its partner countries under the current circumstances. Eurasian integration, right now, founds itself limited because of a trust problem deriving from its partner countries, which are unable to totally commit. Russia’s options on how to build and maintain formal relations with its partner countries appear scarce, destined to follow a dichotomous approach which is at the same time, somehow, utopic: the choice is between creating equal relations with its members or to dominate them forcefully; both the options, of course, are not both feasible right now (Busygina, 2019). To justify the lack of credible commitment from Russia, three main reasons are highlighted by Busygina: trustful relationships are incompatible with the current geopolitical ambition of Russia, Russian military and economic power is unbalanced if compared to its partner countries and, the current political regime in Russia totally discourages the partner countries to credibly commit and to trust in Russia.

The current geopolitics policies considerably worry not only the partner countries, but also the neighbouring ones. A *multipolar world* ⁴⁰, in the case of The Eurasia,

⁴⁰ In this case, Multipolarism refers to a zone of influence as the current Eurasian space, where Russia would be the recognized main actor prevailing over the neighbour countries. A full explanation of the phenomena, especially regarding the Eurasian case, is available at: <http://www.eurasianaffairs.net/the-multipolar-world-and-the-postmodern/>

would create a zone of influence where Russia figured as the hegemon country, in turn expecting the neighbouring countries to recognize the Russian supremacy over the whole influenced area. This multipolar view, strongly carried on by the Russian politician and experts, is nothing but a double - edged sword, as it clearly highlights that Russia is absolutely not ready to establish peer relations with its partner countries. Secondly, the economic and military gap is glaring with the partner countries of the EAEU, where Russia, as previously said, figures as the most developed one. This huge imbalance, not only with the four members of the EAEU but also with the other FSU States, is still causing, and will always cause, apprehension with the third parties involved, as the impact of this perceived gap vary along with Russia's actions and facts within its political regime. Third, the current political regime in Russia discourages and clearly cannot allow the formation of trust among the partner countries. A concrete, clear example to which all the FSU states have assisted are the military interventions in Georgia in 2008 and in Ukraine in 2004 and 2014, which claimed the withdrawal of both the countries from the Commonwealth of Independent States. After these events, the partner countries perceived that they should not base their expectations on the current political dominance in Russia. The current extents for the partner countries to stem Russia's inferences within each national border, is concretized in a stationery development within the EAEU, and the attempts to limit not only the political but also the cultural influence of Russia.

Some assumptions and evaluations can be strived regarding the Russian expectations and interests towards not only the EAEU, but the whole Post - Sovietic space. Russia may have different interests in developing regional integration among FSU states, but what is clear is that they are almost exclusively for geopolitical reasons rather than for economic ones (Shtraks, 2018): Russia, in fact, figures as the state which holds 80% of the whole EAEU GDP, with the highest demographic development (see table 3) and the smallest rate of debt if compared with the other countries, and its survival certainly does not depend from its Partner Countries ⁴¹.

⁴¹ The data and the information are available at the following website:
<https://countryeconomy.com/countries/groups/eurasian-economic-union>

EURASIAN ECONOMIC UNION - SOME ECONOMIC DATA

Indicator	Russia	Kazakhstan	Belarus	Armenia	Kyrgyzstan
Population (USD/M)	144.48	18.28	9.49	2.95	6.32
GDP (USD/BN)	1,657.55	170.54	59.66	12.43	8.09
Annual GDP growth	1.5 %	3.5%	3%	5.3%	3.1%
Poverty headcount ratio at national poverty lines (% of population)	13.2%	2.5%	5.9%	25.9%	25.6%

Table 1: Economic datas about the EAEU (year 2018)

Source: own elaborations from <https://data.worldbank.org>

In light of this assumption, it is likely that the mere economic integration would be much more useful to Russia's partner countries rather than to Russia itself, which benefits from a wide range of natural resources to base its economics on, and more influence in the international scenario, especially towards the eastern countries, if compared with the other EAEU countries. In addition, the Russian import/export and the FDI are prevalingly oriented towards outside the EAEU ⁴², even if good blood does not flow with the Western World. In fact, excluding Russia, the member states of EAEU does not benefit from economic diversification, as the limited inflow of external financing and the low internal trade turnover no not allow the diversification. As a consequence, this situation did not stand properly the backdown caused by the economic sanctions, reflecting this severe blow also on Russia, which founded itself weakened for what concerns its influence over the member states; if the reasons were only exclusively economics, boosting the internal investments and reducing the capital outflows to foreign states would be the primary actions to undertake (Kirkham, 2016). But whereas the clear, main motivations for Russia to pursue regional integration in the Eurasian area are prevalingly strategic, the regional integration gives the chance to Russia gain more personality in the international scenario. A strong, regional integration project

⁴² Russia's trade balance available at:
<https://wits.worldbank.org/CountryProfile/en/Country/RUS/Year/LTST/TradeFlow/EXPIMP>

among the FSU countries, essentially, would be the proper measure to counterattack the inferences from the Occidental countries, in particular the Eastern Partnership and the NATO aims in eastern Europe: the aggregation of Eurasian countries, step by step, reduces the risk for them to get involved in any Western political program, cutting at the beginning that risk of “incompatibility” between eastern and Eurasian political projects. According to the multipolar perspective, the current aim seems to be focused not only to reconstruct a sort of “Soviet Bloc”, but to build a “Russian Bloc”: the multipolar logic allows the creation of multiple blocs within specific areas of interest, and Russia appears committed to build its own one. The various attempts of integration led by Russia (traced back in the 90’s with the CIS, culminating with the creation of the EAEU) over time turned into multipolar tendencies, showing a strong willingness to gain an own bloc and, as a consequence, an own position among the most relevant global players. The Russian interest in developing a regional integration project in the Post - Soviet space, clearly regards a huge appetite for regaining its lost grandeur, in an international scenario increasingly characterized by many economic islands.

If some Western scholars accuse Russia to adopt such a “Neo - Imperial” project (Kirkham, 2016), others like Mankhoff (2012) define Russia’s integration project as an “inward - focused alternative”. With the latter expression, the author underlines the focus on the internal dimension rather than the external one; for Russia, in this phase, the most important goal to pursue is to strengthen from inside, in order to gain power in the international scenario in a second moment. This does not involve the upheaval or the prevailing over the current international order, much less to jeopardise somehow the current Western political order. The negative connotation attributed to the concept of “imperialism”, currently does not reflect Russia’s behaviour and ambitions, as, for example, the further territorial expansion through military actions is not taken into account (yet, excluding the Crimean issue, which did not regard an expansionist ambition but a geopolitical move). The interest of Russia in developing a new, regional bloc appears as merely attributable to a need to acquire a new image in the global scenario among the global players, especially in the attempt to limit the influence of the Western countries in Eurasia.

2.4 Key actions for the integration in the EAEU

The EAEU involves Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan. If the Russian position within the EAEU has been defined in the previous paragraph, also the motivations which have originally convinced Kazakhstan, Belarus, Armenia and Kyrgyzstan to adhere to the EAEU must be considered before analysing the current integration perspectives. Before the establishment of the EAEU, in 2011, Kazakhstan and Belarus (Partners in the Customs Union) strongly welcomed the Russian initiative, even if they had their own visions and expectations towards the Eurasian integration. Kazakhstan, at the time, had positive economic performances in the previous 15 years and so, its idea of economic regional integration was quite easy to implement, wishing for a global partnership among the Members and the introduction of the EAEU as a new, global competitor. Belarus declared itself enthusiastic about the creation of the EAEU; anyhow, due to an economic situation less wealth if compared to Russia and Kazakhstan, right away it expected peer relations among the partners, translating into reality with constant and cheap supply of Russian oil and gas, a preferential treatment in customs duties and obtaining loans with favoured terms, and other economic benefits. In a second moment, Armenia and Kyrgyzstan joined the EAEU wishing for strategic benefits: Armenia aimed to ensure steady and cheap oil and gas supply, while Kyrgyzstan aimed to ensure political and security stability, and to remedy a dramatic internal economic situation, concretely through discounted oil and gas supply and investments in the energetic sector (Golam & Monowar, 2018).

Within the Eurasian area, these five countries are trying to achieve a higher integration degree with each other. The main contributions for this paragraph are given by the Official Website of the EAEU, the World Bank, and the Official Websites of the Central Banks of the Partner Countries. The most authoritative source of information regarding the key actions for the integration processes among the member states is the EAEU Treaty, from which, below, are displayed the most relevant EAEU's goals for the integration. As stated in Chapter 1, regionalism is a process in continuous evolution, constantly shaped by the interdependencies among the partner countries and led by a strong country searching for closer ties among the regional framework; the case of the EAEU does not constitute an

exception. The main actions to undertake in order to foster economic integration within the EAEU are regulated by the Treaty of the Eurasian Economic Union. The provisions contained in the Treaty are still under development and their implementation is gradual, so the evaluations for what concerns the degree of integration in the EAEU must be evaluated step by step as long as the progresses in the implementation of the provisions occur. Below, the most important provisions according to the EAEU Treaty are considered.

The **exchange of information** within the EAEU is disciplined by the Article 23 of the Treaty on the EAEU (*Information Exchange within the Union*). The article states that the cooperation and the coordination among member states for what concerns the diffusion of information flows, must be carried throughout efficient technological infrastructures; this means, then, that the member states must follow those common policies regarding electronic communication development and information technology development. The exchange of official information, must be carried out through an official, integrated information system, ensuring the protection of intellectual property as well. The dissemination of the official information, then, must also rely on an efficient collection of statistic data, drafted on the specific principles of the Article 24 (*Official statistics of the Union*). Due to this point, **informatization and digitalization** play a crucial role: many projects are being considered by the Eurasian Commission, involving the digital traceability of the goods within the Union and some regulations for the cross - border data. In addition, the Digital Initiative management Office is working on proposals regarding the digital traceability of goods, electronic shipping documents and a Eurasian electronic labour exchange. Furthermore, an Action Plan for the establishment of an Integrated EAEU Information System is forecasted for 2019–2020 (Petrosyan et al, Eurasian Development Bank, 2019). Strictly connected with information flow, also the **transportation system** states as a subject for integration (Art. 86, *Coordinated Agreed Transport Policy*), with the establishment of a common market in transportation, with the application of *best practices* to ensure *general benefits* in the EAEU territory.

Foreign trade constitutes one of the main vehicles to promote the free circulation of goods and services. According to the article 33, “*Objectives and Principles of Foreign Trade Policy of the Union*”, a sustainable economic development must be promoted among the member States, through *economic diversification, innovative development, acceleration of the integration process, and increase in the volume and improvement in the structure of trade and investment*. The trade regulation also includes the services (article 38, *Foreign trade in services*), which must be coordinated by the partner States into the EAEU territory; anyhow, no supranational regulation is being mentioned for the services, except for the intentions to create a Single Services for Market. For what

concerns the *Export Development Measures* (article 41), the promotion of export of goods relies on the principle of the WTO, with joint measures to be applied for the goods originating within the EAEU territory, such as *insurance and export credits, and leasing*. What is most interesting is the aim to create a *common labelling* of the products originating within the territory, in order to promote a denomination such “*Good of the Eurasian Economic Union*”, flanked by an increased

presence in fair and expositions and advertising and branding activities abroad. According to the import/export among the partner countries of the EAEU, below it is presented a table with the main data regarding the flows among them. The data are provided by a database of the WTO, the World Integrated Trade Solutions (WITS), and the table is a result of an own elaboration. In Table 4 are shown the bilateral import/export data in USD/thousand, year 2017.

EAEU’S DOMESTIC TRADE

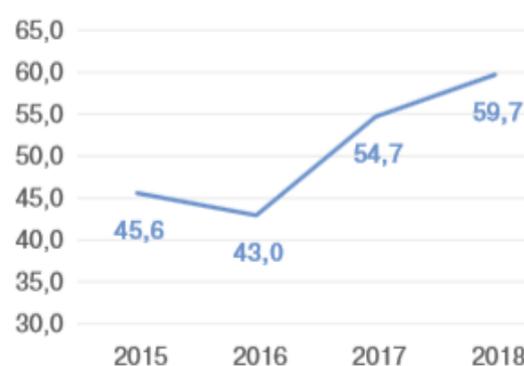


Fig. 6: Mutual Trade among Partner Countries of the EAEU

Source: Eurasian Commission

BILATERAL IMPORT/EXPORT FLOWS

Bilateral relations	IMPORTS FROM	EXPORTS TO
Russia → Belarus	10,691,594.47	15,537,356.77
Russia → Armenia	427,557.29	868,794.87

Russia → Kazakhstan	4,599,663.04	11,924,244.44
Russia → Kyrgyzstan	1,388,700.99	169,165.22
Armenia → Belarus	6,937.04	37,638.71
Armenia → Kazakhstan	4,915.74	4,043.20
Armenia → Kyrgyzstan	1,762.68	88.80
Belarus → Kazakhstan	587,866.50	96,798.40
Belarus → Kyrgyzstan	123,447.40	6,610.10
Kazakhstan → Kyrgyzstan	503,232.99	255,197.69

Table 2: Bilateral Import/Export flows
Source: <https://wits.worldbank.org>

IMPORT/EXPORT SHARES WITH THE PARTNER COUNTRIES

FROM/TO	RUSSIA		BELARUS		KAZAKH		KYRGH		ARMENIA	
	IPS *1	EPS *2	IPS	EPS	IPS	EPS	IPS	EPS	IPS	EPS
RUS	-	-	4.7%	4.3%	2%	3.3%	0.07%	0.4%	0.2%	0.2%
BEL	56.6%	43.9%	-	-	0.3%	2%	0.02%	0.4%	0.02%	0.12%
KAZAK	39.1%	9.3%	1.7%	0.2%	-	-	0.9%	1%	0.02%	0.01%
KYRGH	27.5%	15%	2.4%	0.4%	11.6 %	15.1%	-	-	0.04%	0.01%
ARM	29.9%	25.2%	1%	0.3%	0.1%	0.2%	0%	0.08%	-	-

Table 3: Import/Export shares with the partners
Source: <https://wits.worldbank.org>

*1: Import Partner Share to
*2: Export Partner Share from

In Table 3, furthermore, there are the percentages of import/export shares calculated over the whole amount of import/export of a certain country. The Import Partner Share (IPS) indicates the import share coming from one of the partner countries, while the Export Partner Share (EPS) indicates the export share held in one of the partner countries. Above the results.

In 2018, the overall amount of mutual trade between the EAEU countries reached 59.7 USD/M; in these four past years of activity of the EAEU, the volume had increased almost for one third, especially thanks to the key commodities sales

market. In the domestic market, Russia is the major importer (33%) and exporter (65%), followed by Belarus (39% for the imports and 23% for the exports) and Kazakhstan (23% for the exports and 23% for the imports); Kyrgyzstan and Armenia hold both minoritarian shares in import and export (less than 5% for both the categories each) (Petrosyan et al, Eurasian Development Bank, 2019). According to what is being showed above in Table 2 and Table 3, we can confirm that Russia in the mutual trade is prevailing over its Partners, and that Kazakhstan, Belarus, Armenia and Kyrgyzstan's exports are mainly oriented towards Russia. The most dependant from Russia is Belarus: the Russia - Belarus Union undoubtedly affected and strengthened the bilateral relation between the two countries even before the establishment of the EAEU, and this tight relation clearly emerges when looking at Russia's shares of imports and exports, where Belarus is the most favoured partner country within the EAEU; anyhow, the almost total dependence of Belarus towards Russia regards the energy sector, in which Belarus now finds itself unable to export its energetic resources outside the EAEU (Golam & Monowar, 2018). Kazakhstan privileges imports from Russia rather than the exports, and, at the same time, it is a strong partner country both for import and exports in Kyrgyzstan, where it is just second to Russia; in fact, after the creation of the Customs Union in 2011, their commercial relation improved significantly (Golam & Monowar, 2018). Kyrgyzstan is the Partner Country which presents the lowest commitment in the commercial relations within the EAEU, if compared to the other countries. Armenia, then, presents a medium - high degree of dependence from Russia for the import/export. The **structure** of the intra - Union trade is composed predominantly by fuel and energy (23%), machines, equipment and vehicles (19%), food products and agricultural raw materials (15%), metals and derivates (13%); the fuel and energy intra - trade share is the one which increased majorly if compared with 2017 (+2%) among the other categories. The majoritarian share of export per each country is attributable to a different wide of sectors (Petrosyan et al, Eurasian Development Bank, 2019):

- Armenia: top export in Alcoholic and Non - Alcoholic beverages (23%)
- Belarus: top export is in Dairy products, eggs, and honey (14%)

- Kazakhstan: top export is in Mining and Fuel and Energy Complex products (31%)
- Kyrgyzstan: top export is in Knitted Garments and Accessories (25%)
- Russia: top export is in Mineral Fuels, Crude Oil and Petroleum Products (31%).

Russia and Kazakhstan are prevalingly oriented to the energetic sector, while Kyrgyzstan, Armenia and Belarus seem far to be oriented towards it. It must however be said that there are five main obstacles are threatening the EAEU's economic integration: a wide range of sectors which require specific provisions and regulations to be disciplined, the slowness of the process of integration, the little commitment of Russia - Kazakhstan - Belarus to completely orient towards the Single Economic Space, the similarities of their productions and a proper balancing of the tariffs among Partner Countries (Yesdauletova & Yesdauletov, 2015). In fact, the economic integration among the Partner Countries is still characterized by many entry bans (to ensure high quality standards with sometimes are not meet) and other punitive measures to protect specific national interests (like the reduction of oil and gas imports from Russia in countries like Kazakhstan, to avoid an excessive surplus) (Golam & Monowar, 2018).

Regarding the **FDI**, the EAEU Treaty does not mention expressively a specific discipline for the foreign investments, but just provides a legal framework regarding the investments among the Member States in the EAEU (Marrella & Barbirotto, 2018). Below, Table 4 displays the inflows and outflows of Foreign Direct Investments. The representation is bilateral. The data reported in Table 4 are sourced from the Eurasian Economic Commission ⁴³, and then compared with the Official Websites of some Central Banks of the Member States ⁴⁴ (The Central Bank

⁴³ The Full Report "Eurasian Economic Integration 2019" of the Eurasian Economic Commission constitutes the main contribution in this part of the research. The report is available at the Official Website of the EEC: <https://eabr.org/en/analytics/integration-research/cii-reports/eurasian-economic-integration-2019/>

⁴⁴ Official Websites of the Central Banks: <https://www.cbr.ru/eng/>, <https://www.nbrb.by/engl/>, <https://nationalbank.kz/?switch=english>,

of The Russian Federation, The National Bank of The Republic of Belarus, National Bank of Kazakhstan); all the data taken into account are relative to the year 2018. The data contained in Table 4 are expressed in USD/millions.

BILATERAL FDI WITHIN THE EAEU (in USD/millions)

Receiving country	INVESTING COUNTRY				
	RUS	BEL	KAZ	KYR	ARM
RUS	-	8,1	73,7	-14,2	15,0
BEL	468	-	2,0	-0,4	1,6
KAZ	466,7	- 0.7	-	1,3	0,1
KYR	14,4	0,1	-26,1	-	0
ARM	57,7	0	0	0	-

Table 4: Bilateral FDI within the EAEU

Source: Eurasian Economic Commission

Giving a first look to the data, it clearly emerges that Russia is the main provider of foreign investments towards its Partner Countries: it holds almost 1,006.1 USD/millions of investments, and the majoritarian investments of Russia are oriented towards Belarus, Kazakhstan and (even if to a lesser extent) Armenia. Kazakhstan holds the second position after Russia for FDI outflows to the Partner Countries, but with a minoritarian amount of 49,6 USD/millions, mainly concentrated in Russia, against an amount of 467.4 USD/millions coming in prevalence from Russia. Belarus, then, appear most propense to receive FDI from the Partner Countries rather than to invest on them: against 471,2 USD/millions of FDI inflows, Belarus only invested 7,5 USD/millions of FDI outflows. It must however be said that the Russian investments in Belarus help the Country to reform its economy and to provide further development (Golam & Monowar, 2018). The amounts invested in Belarus appears along the same lines with Kazakhstan. Armenia and Kyrgyzstan seem to be the “taillights” in the FDI scenario: first, it is unknow how much they do actually invest with each other and both present relatively few FDI outflows, or even inexistent. Armenia is the least bad and invested 16.7 USD/millions (which are mainly concentrated in Russia) and received 57,7

USD/millions, only from Russia. Kyrgyzstan, then, figures as the least attractive in the FDI scenario within the EAEU: the country received 14,4 USD/millions from Russia, which revealed anyhow insufficient to guarantee a positive result for the FDI flows (-11,6 USD/millions). Kazakhstan is quite imbalanced concerning its FDI outflows: the investments in Russia constitute 73,7 USD/millions, 2 USD/millions of investments in Belarus and a negative result in Kyrgyzstan (-26,1 USD/millions); the current total foreign investment from Kazakhstan is about 49,6 USD/millions. In 2018, anyhow, the share of intra - union investments decreased about 5% comparing to the previous year. Russia confirmed itself even for the year 2018 to be the main dealmaker for the FDI, both for receiving and investing, while Belarus is the main receiving country (Petrosyan et al., Eurasian Development Bank, 2019).

The **monetary policy** (article 64), in addition to the other goals related with economic development, aims to enhance the role of the national currencies in the foreign trade and investments, and this is why the member states shall agree to follow a common monetary policy, which pursues integration also by fixing exchange rates by an *independent authority* constituted by the heads of each national central bank of the Member States; this authority is bounded by the Treaty of the EAEU. Also the **financial market** of the EAEU (Art. 70, *Objectives and Principles of Regulation of Financial Markets*) is subject to a supranational regulation, whose main goal is to eliminate those discriminations among Partner Countries, and promoting the equal access to the financial markets of each state, protecting rights and ensuring the legitimation of the interests of the consumers. The EEC council has signed an agreement concerning the Harmonization of the Financial Market Legislation among the EAEU Member States; the agreement is constituted by provisions for the harmonisation of the national laws of the Partner Countries for what concerns insurance, banking, and security services in line with the current international principles. (Petrosyan et al, Eurasian Development Bank, 2019). According to the **taxes** (Art.71, *Principles of Cooperation between the Member States in Taxation*), then, a regime of indirect *taxation* is provided for the import of products among the partner countries: according to the Art. 72 (*Principles of Indirect Taxation in the Member States*), indirect taxation is collected by the importer country, making a compensation by the non-application of the VAT and/or the exemption from excise duty on exports and the collection of an indirect tax.

In addition with the freedom of movement of goods, services and capital, also the freedom of movement of the people living within the EAEU is an important part to consider; so, **migration** is a key point to be disciplined among the Partner Countries, and the Treaty reserves a large attention to the topic (*Annex 16 to the Treaty on the Eurasian Economic Union; PROTOCOL on Trade in Services, Incorporation, Activities and Investments; Section VI.4 Migration of Natural Persons*). According to The Treaty, *education, experience, qualifications, and professional qualities* are strictly forbidden to be subject of discrimination based on the national origin. What is peculiar in this part of the treaty is, that, the discipline on migration is prevalingly analysed in the context of *labour migration*, without considering, for example, other migration dynamics such the right to family reunification, the environmental migrants, the asylum - seekers and the refugees; therefore, the main discipline concerning migration is focused on the legal case in point of the labour migration, entirely regulated by the *Section XXVI, Labour Migration*. So, it clearly emerges that a very important aspect of economic integration in the EAEU regards the labour market and the possibility to migrate to another country of the Union for working reasons; this is why, special provisions are made. According to the Art. 96, *Cooperation between the Member States in the Sphere of Labour Migration*, policy cooperation for **labour migration** shall be made by the State Authorities of the Partner Countries in order to promote the involvement and recruitment of workers for employment within the territory of the EAEU. Integration for the labour market shall be promoted following specific actions: agreements to establish common principles in the sphere, exchange of *information and regulatory acts*, measures against the diffusion of *incorrect information, exchange of experiences, internships, seminars and training courses*, and *other forms of cooperation* that might be established by the States.

The free movement of people should be allowed within the territory among the five Member States; anyhow, taking advantage of the fact that it is the most influent country in the EAEU, Russia is preventing immigration issues with a non - official tool, the so - called "*black lists*": the Ministry of Internal Affairs have disposed an electronic database where to insert the foreign citizens who are subject to restrictions towards the entry in Russian territory, for example after violating the Russian immigration law in any form, who overstayed, and who were devoid of

working permissions. In the Russian *black lists*, for what regards the Partner Countries of the EAEU, the largest slice of banned people come from Armenia and Kyrgyzstan; it must however be stated that the inscription of these countries in the database was prior to the admission in the EAEU of both Armenia and Kyrgyzstan. The entry bans, anyhow, represent an instable threat (even if limited) to the free movement of people within the EAEU (Poletayev, 2019). Kyrgyzstan is the poorest country within the EAEU, and ranks first for what concerns labour migration; in 2014, it figured as world's second most remittance dependent economy, with 30.3% GDP given by the remittances. After joining the EAEU, the process of migration is much easier (Sagynbekova, 2017), even if not completely subsidized due to the *blacklist* restrictions partly not redeemed by Russia after the Kyrgyz entrance in the EAEU.

Below, in Table 5 there are some data regarding the labour migrants flows within the EAEU. This table has been drawn up according to Eurasian Economic Commission ⁴⁵, and the data are referred to the total amount of labour migrants which moved during the year 2017. The data considered are exclusively referred to the labour migrants, not including other categories of migrants.

LABOUR MIGRANT FLOWS WITHIN THE EAEU (year 2017)

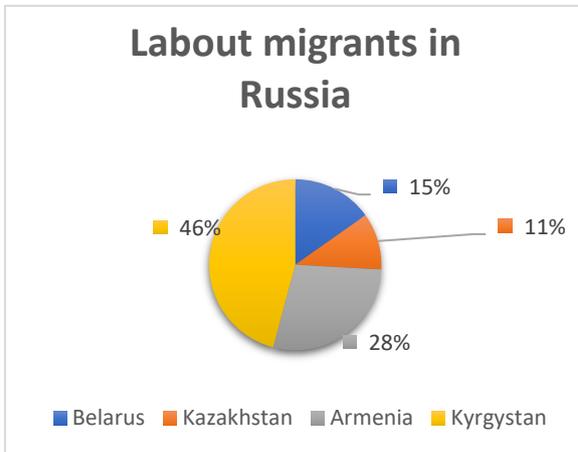
COUNTRY OF DESTINATION	COUNTRY OF PROVENIENCE				
	RUSSIA	BELARUS	KAZAKHSTAN	ARMENIA	KYRGYZSTAN
RUSSIA	-	124, 633	88, 202	232, 247	376, 863
BELARUS	2, 453	-	313	400	57
KAZAKHSTAN	4, 650	1, 007	-	3, 022	1, 506
ARMENIA	99	7	17	-	3
KYRGYZSTAN ⁴⁶	Not available	Not available	Not available	Not available	-

⁴⁵ Eurasian Economic Commission Official Website: http://www.eurasiancommission.org/ru/act/finpol/migration/Documents/%D1%87%D0%B8%D1%81%D0%BB%D0%B5%D0%BD%D0%BD%D0%BE%D1%81%D1%82%D1%8C_eng.pdf

⁴⁶ According to the Eurasian Economic Commission, no data concerning labour migration for the Kyrgyz Republic are available after its accession in the EAEU.

Table 5: number of nationals of the Member States of the Eurasian Economic Union who entered the Partner Countries in 2017

Source: Eurasian Economic Commission (2017)

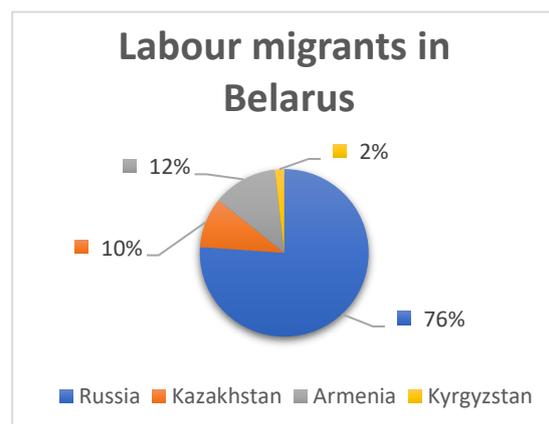
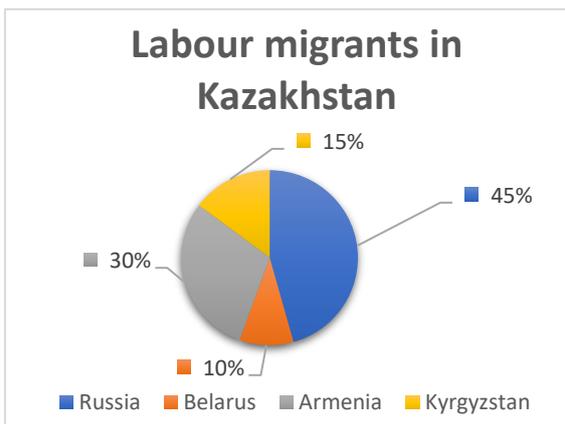


Graph 1: immigration flows in Russia

Source: Table 5

Considering the data above, the most attractive country where to migrate to is Russia: the highest percentage of labour migrants is from Armenia (28 %) and, then, from Belarus (15 %). Kazakhstan (11%) hold a minoritarian share.

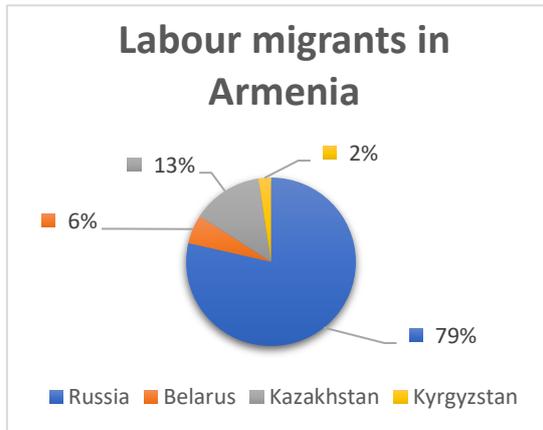
Kazakhstan, then, appears a bit more attractive than Belarus concerning migration flows and presents more diversification in the composition of the inflows of labour migrants; the largest share of labour migrants in Belarus is attributed to Russia (76%) while the other shares are, as a consequence, minoritarian (Armenia 12%, Kazakhstan 10% and Kyrgyzstan 2%).



Graphs 2 and 3: immigration flows in Kazakhstan and Belarus

Source: Table 5

Except for Russian migrants, which represent the majoritarian share in both the states, the bilateral labour migration Kazakhstan – Belarus holds an equal percentage of 10% on the overall composition of the labour migrants.



Graph 4: immigration flows in Armenia

Source: Table 5

For what concerns Armenia, the presence of Russian labour migrants is majoritarian even in this case. Armenia is less wealthy if compared with Russia, Belarus and Kazakhstan, and except for the massive Russian presence in the country, Kyrgyzstan (2%) and Belarus (6%) cover the minoritarian shares of labour migrants; Kazakh labour migrants represent the 13%. No data are then

available for Kyrgyzstan; it is anyhow clear that Russia is the most attractive country for labour migrants and the main source of workforce within the EAEU, while the other Partner Countries are the main labour migrants' providers for Russia.

The experts argue that Russia, in the long term, will remain the most important destination for the labour migrants within the EAEU; Kazakhstan and Belarus attractiveness to labour migrants will remain almost unchanged, while Armenia and Kyrgyzstan are forecasted to worsen their position (Vinokurov et al., 2016). In the light of these considerations made for the labour migrant flows within the EAEU, some evidences deserve a dutiful deepening. First of all, the role of Russia as a leader is being re - confirmed; the Country, in fact, appears as the most attractive country for labour migration within the EAEU and, at the same, time, it shows a high propension to migrate to the other member States, holding the majoritarian percentages of labour migrants in the other four Partner Countries.

Kazakhstan and Belarus, then, are the immediate successors of Russia, as their presence is spread among the Member States even if in the small, remaining shares not occupied by Russia. Apart from directing most of its labour migrants flows towards Russia, Armenia has a slightly major presence in Kazakhstan and Belarus.

A dutiful deepening, then, must be done towards the **energy sector** within the EAEU, which is one of the most important assets of the region. The section XX of the Treaty is entirely dedicated to the Energy Industry and provide a framework for the integration of these specific sectors: *common electric power, common gas market, common market of oil and petroleum products*. Long - term mutual benefits are expected to be developed for this specific sector, as well as the related common markets established following the principles of the international law in the field.

By the way, in addition to the will to develop a common pricing and further harmonisation among partner countries, indicative balances shall be developed by the partner countries:

- *indicative (projected) gas balance of the Union*
- *indicative (projected) oil balance of the Union*
- *indicative (projected) balances of petroleum products of the Union.*

Furthermore, also the transport infrastructure for the natural resources shall be empowered. The energy sector will be fully analysed in Chapter 3, especially in relation with the Chinese Belt Road Initiative. Anyhow, according to the EAEU experts, Belarus Kazakhstan and Russia are currently succeeding in creating a common market for oil, gas and electricity sector (Golam & Monowar, 2018).

2.5 The Member States: are they all following the same path of Russia within EAEU?

The multilateral and regional cooperation efforts in the Eurasian space are characterized by the presence of such States as members (or with other forms of participation) in the Eurasian, global and even European institutions; each State has its own willingness to deepen the relations in international cooperation and differentiated levels of integration, and these variables affect the decisions of a Country to develop its position in the cooperation framework (Dastanka, 2015).

As seen before, the EAEU integration is developing in small steps, and currently the Partner Countries are far from demonstrate a full commitment in this Russia – led regional integration process. The novelty of the EAEU and the difficulties in setting a proper context to boost the integration among Partner Countries, may cause interests in other foreign regionalist attempts, especially coming from the East. So far, at the current state and with the current resources, for EAEU it is hard to gain supremacy and development if running alone among the global players.

Anyhow, the attention is strongly oriented towards the Far East, especially with China, as it will be analysed later. To conduct an analysis of the current memberships of the EAEU Counties, below, are summarized in Table 6 the membership of the EAEU partners in other supranational regional and multilateral projects.

MEMBERSHIP IN OTHER REGIONAL ORGANISATIONS - EAEU COUNTRIES

COUNTRIES	EURASIAN ORGANIZATIONS	FOREIGN ORGANISATIONS
RUSSIA¹	EAEU, CIS, CSTO, Union State, EDB.	WTO, SCO, BSEC, OSCE, ACD, EAS, AIPA, CBSS, EAPC, APEC, CICA, CARICC
BELARUS¹	EAEU, CIS, CSTO, Union State , EDB.	OSCE, NAM, EaP, AIPA; CEI; EAPC; as observer: BSEC, SCO, CBSS, CICA
KAZAKHSTAN¹	EAEU, CIS, CSTO, EDB.	WTO, SCO, TRACECA, OSCE, ACD, ECO, EAPC, OIC, CICA, ECO, CARICC, ADB. As observer: NAM
KYRGYZSTAN¹	EAEU, CIS, CSTO, EDB.	WTO, SCO, TRACECA, OSCE, ACD, ECO, EAPC, OIC, CICA, ECO, CARICC, ADB. As observer: NAM
ARMENIA¹	EAEU, CIS, CSTO, EDB.	WTO, TRACECA, EaP, BSEC, OSCE, EAPC, CoE. As observer: NAM,

Table 6: The membership of the EAEU partner countries in other regional/multilateral organizations

Before to make any assumption on the results of the above research, it is important to highlight that the EAEU Treaty in its preamble, makes a clear reference to the

WTO principles. Even if the EAEU itself as an organization is not part of it, it is easy to observe that, instead, all the member States are part of it, except for Belarus (Marrella & Barbirotto, 2018).

First, a dutiful analysis must be conducted towards the membership of the States in the Eurasian, domestic organizations. Apart from the EAEU of course, all the five States present a common membership in the Commonwealth of Independent States (CIS) and, what is interesting, is the membership in the Collective Security Treaty Organization (CSTO), an intergovernmental military alliance which involves all the members of the EAEU; in addition, the Partner Countries are active members of the Eurasian Development Bank (EDB), which goal is to promote economic growth among the Partner Countries ⁴⁷. Russia and Belarus are the only two parties who are tightened by further formal agreements, formalised in the Russia - Belarus Union, well known as the Union State (see paragraph 2.2 of this chapter). In addition, with the Union State, Russia holds a minoritarian agreement with Kazakhstan since 2015, with which they signed a border agreement to build a marker among the two countries ⁴⁸. No other formal bilateral agreements have been stipulated by Russia with the other partner countries. For what concerns the Eurasian organisations, the Partners, at least apparently, are following the same line; a different scenario is being displayed below, regarding the membership in the most influential regional organisations and the most important multilateral organisations.

In the **International Scenario** the situation is more intricate. In this phase of the analysis the main goal is to understand the intentions of the Partner Countries. Particularly, it would be interesting trying to understand if the real intentions of Belarus, Kazakhstan, Kyrgyzstan and Armenia are directed towards the strengthening and the development of the relation with Russia within the EAEU, or, instead, if they are oriented towards the development of arrangements with other international players, like the Far - Eastern countries (in particular China), or,

⁴⁷ Eurasian Development Bank, information available at: <https://eabr.org/en/about/>

⁴⁸ Russia - Kazakhstan relations available at: https://en.wikipedia.org/wiki/Kazakhstan%E2%80%93Russia_relations

somehow, towards the Western countries (in particular the European Union and the United States).

Each country has adhered to a wide range of international organisations, and, before analysing the different routes undertaken in the interregional scenario, it is important to highlight in which organisations the five Partner Countries are adhering unanimously. The unanimously - shared memberships are: the Organization for Security and Co-operation in Europe (OSCE), whose goal is to promote peace, political dialogue and justice among European countries and the Euro - Atlantic Partnership Council (EAPC), whose goal is to promote the dialogue among NATO and non - NATO countries. Apart from these two commonly shared memberships, then, there are various scenarios.

- Russia, among the five EAEU members, is the only Country which is part of the East Asia Summit (EAS) and the Asia - Pacific Economic Cooperation (APEC).
- Belarus, among the Partner Countries, is the only one to be member of the Central Europe Initiative (CEI).
- Russia and Belarus together, then, are the only ones to be part of the ASEAN Inter - Parliamentary Association and (AIPA) as observing members, and the Council of the Baltic Sea States (CBSS).
- In many cases, then, Kazakhstan and Kyrgyzstan are the only two countries to be part of some international regional organisations, such as the Economic Cooperation Organisation (ECO), the Organisation of Islamic Cooperation (OIC) and the Asian Development Bank (ADB).
- Kazakhstan and Kyrgyzstan joined almost the same organisations. There are some cases in which they share some memberships with Armenia, Belarus or Russia. With Armenia, they share the membership in the TRANsport Corridor Europe-Caucasus-Asia (TRACECA), and the membership in the Non - Allied movement (NAM), even if Armenia has the status of observing member and, in addition, they share the membership with Belarus. With Russia they both

share the membership in the Central Asian Regional Information and Coordination Centre for Combating Illicit Trafficking of Narcotic Drugs, Psychotropic Substances and their Precursors (CARICC) and in the Asia Cooperation Dialogue (ACD), in addition with the membership in the Conference on Interaction and Confidence-Building Measures in Asia (CICA) where Belarus participates as an observing member. The most important shared membership among Russia, Kazakhstan and Kyrgyzstan (with Belarus as an observing member) is the one in the Shanghai Cooperation Organisation (SCO).

- Armenia, then, stands in a blurred position within the membership scenario. Armenia is the only Partner Country which is part of the Council of Europe (CoE) and which stands near with Belarus to the Eastern Partnership (EaP); with Russia and Belarus (as an observing member) Armenia is also member of the Black Sea Economic Cooperation (BSEC).

Considering **Russia** separately, it is noticeable that the country detains a high amount of memberships in other regional and international multilateral organisations; what clearly emerges is the orientation towards the Eastern Countries rather than the western ones, as it was foreseeable: EAS, APEC, AIPA, CICA, and the SCO of course. The only cases in which Russia is a stand - alone member other regional organisations are those ones regarding the Asian countries. The position in the East Asia Summit represents a privileged position in the international scenario if compared to the other four partner countries: this Indo - Pacific's Premier Forum promotes a strategic dialogue in the area, fostering a closer regional cooperation; the Partner Countries of this summit represent almost 54% of the world population and 58% of the world's global GDP ⁴⁹. Along with the ten ASEAN countries and of course China, there is also the membership of the United States; the EAS membership is the only one shared with the United States by Russia. Then, another stand - alone membership of Russia is in the Asia - Pacific Economic Cooperation, a *regional economic forum* to sustain the growing independence of the

⁴⁹ East Asia Summit: <https://asean.org/asean/external-relations/east-asia-summit-eas/>

Asia – Pacific area ⁵⁰; even in this case the membership is shared with the main global players, among which China and the United States.

In these two memberships in which Russia participates without being flanked by other Countries of the EAEU, the presence of both China and the United States is evident, and appears the attempt to figure in the international scenario among the global leaders; of course, the presence of Russia in the most relevant regional forums is attributable to its undisputed geopolitical relevance, representing one of the most controverted global players nowadays, but, anyhow, what seems to be intuitable about its membership in the above mentioned regional organisations is the attempt to attend these forums as an implicit representative of its Partner Countries in the EAEU, acting as the promoter of interests in the Eurasian area. Furthermore, Russia is an observing member of the Asean Inter - Parliamentary Assembly, which is a regional parliamentary organization which goal is to improve the communication among the Member Parliaments ⁵¹. The membership in the Asia Cooperation Dialogue (a continent - wide forum whose goal is to strengthen the Asian community) ⁵² is shared with China, as well as the membership in the Conference on Interaction and Confidence - Building Measures in Asia (a multi - national Asian forum whose goal is to promote peace, security and stability in Asia and in the rest of the world) ⁵³, where the United States, however, stand as an observing member. The most important membership of Russia, then, is undoubtedly the one in the Shanghai Cooperation Organisation, which could have a great influence in the EAEU in the foreseen future; the SCO will be fully analysed in Chapter 3. The membership in the Council of the Baltic States ⁵⁴ (a regional forum designed in 1992 to ease the transition of the Baltic area into a new international scenario) and in the Central

⁵⁰ Information on the APEC; official website: <https://www.apec.org/About-Us/About-APEC>

⁵¹ Information on the AIPA; official website: https://www.aipasecretariat.org/static_page/detail/1/profile-of-aipa

⁵² Information on the ACD; official website: https://www.aipasecretariat.org/static_page/detail/1/profile-of-aipa

⁵³ Information on the CICA; Official website: <http://www.s-cica.org/page.php?lang=1>

⁵⁴ Information on the CBSS; Official Website: <https://www.cbss.org/council/>

Asian Regional Information and Coordination Centre for Combating Illicit Trafficking of Narcotic Drugs, Psychotropic Substances and their Precursors⁵⁵, then, are important, even if they cover a minoritarian relevance for what concerns the relationship with the Eastern Countries. What certainly emerges when analysing Russia's relations with the regional forums outside the EAEU, is the willingness to affiliate more towards a cooperation among the Eastern Countries rather than trying to dialogue with the Western Countries; this attitude is attributable to the Russian fear of a "unipolar" world led by the United States, reacting with the pursue of a "multipolar" order in which counterbalancing the United States' influence through bargaining with other countries (especially Eastern ones)⁵⁶. It is not deniable that Russia is trying to maintain a strong presence in regional organisations such as EAS and APEC, where the membership is shared both with China and the United States, as to claim, somehow, a peer position among both.

One of the top priorities for **Belarus**, currently, is to actively participate in multilateral diplomacy and in international organisations⁵⁷. Belarus holds an unclear position in establishing relation with other regional forums and organisations. In many cases, it finds itself as an observing member (SCO, BSEC, CBSS, CICA and AIPA). What is noticeable is that anytime that Belarus is an observing member, the Russian Membership is already part of the organization as a member, except for the case of the AIPA; this dynamic may suggest an affiliation among the two countries which goes even further their mere Union State, perceiving Belarus as in the wake of Russia not only within the EAEU. What is interesting about the Belarusian presence in regional forums is its stand - alone membership in the Central Europe Initiative. This regional intergovernmental forum was established to support European integration and sustainable development through cooperation⁵⁸,

⁵⁵ Information on the CARICC; Official Website: <https://caricc.org/index.php/en/>

⁵⁶ The contributions regarding the international relations of Russia are analysed in the following article by Global Security : <https://www.globalsecurity.org/military/world/russia/forrel.htm>

⁵⁷ The positions of Belarus for what concerns multilateral diplomacy both involve Eurasian and European institutions. The information are available at: http://belarusfacts.by/en/belarus/politics/foreign_policy/multilateral/

⁵⁸ Information on the CEI; Official Website: <https://www.cei.int/>

and among its members it counts many States which are part of the European Union, such as Italy, Poland, Bulgaria, Romania, Croatia, Slovakia, Hungary and Slovenia. It must be taken into account also Belarus' membership (beside Armenia) in the Eastern Partnership ⁵⁹, a European Neighbourhood Policy on which Belarus and Armenia are Eastern European Partners, committed to create a common area of democracy, prosperity, stability and cooperation. The sectorial cooperation (the most relevant are economic and trade, customs issue, transportation, security, energy security and illegal immigration) between the EU and Belarus are on the basis of their medium - term cooperation; in the seven - year term 2014 - 2021 with the European Neighbourhood Instrument and with the Strategy Paper and Indicative Program for the years 2014 - 2017, 71/89 €/millions have been allocated for Belarus. In the framework of the Strategy Paper and Indicative Program, Belarus openly declared its intentions to foster both the EAEU integration program and the cooperation with the European Union (in the framework of the Eastern Partnership Armenia received 140/170 €/millions, so this fact suggest that Belarus seems moderately interested in the EU) (Dastanka, 2015). Another membership attributable to Belarus, flanked by Kazakhstan, Kyrgyzstan and Armenia as observing members is in the Non - Aligned Movement, an international organisation formed in 1951 by many post - colonial States and joined then by Belarus in 1991 after the collapse of the USSR ⁶⁰. The progressively warmed relations between Belarus and EU clearly had to face with the growing worries of Russia, even if the political difficulties and the lack of a legal framework in Belarus, make the expert community presume that the relation is not destined to grow that much in the foreseen future; in addition, Belarus takes an active part in the decision - making process with the EU, even if influenced by the progressive strengthening of the EAEU and the Russian hostility ho the “western” values. (Dastanka, 2015). Belarus appears in many international organisations beside Russia as an observing member, especially for what regards the eastern regional forums. Anyhow, at the same time, some Europe - friendly attitudes clearly emerge, like to be a Partner Country in the

⁵⁹ Information on the EAP; Official Website: https://eeas.europa.eu/diplomatic-network/eastern-partnership_en

⁶⁰ Information on the NAM; Official Website: <https://mnoal.org/nam-about/>

EaP, in a group of countries in which also appears Ukraine (and Ukraine is, as previously reported, a current argument of clashes with Russia). Anyhow, the membership in the EAEU and the cooperation with the EU in many programs seems not to interfere with each other, but even seems to be complementary, pursuing a sort of “integration of integration”; if other programs like the SCO and the regional project of the BRI are considered, Belarus stands in a position in which it can enjoy different sources of investments (Dastanka, 2015). It must also be said that the Belarusian Ministry of Foreign Affairs openly declared its intentions to both “leverage the strategic partnership potential with Russia” (in order to increase the export quotas, to expand the Belarusian network of commodities distribution and to attract more Russian investments) and to “intensify partnership with European countries (Our major priorities in relations with Europe are to)” (in order to increase trade, investments, transport and create a simplified visa regime) ⁶¹. Belarus, then, seems to grab the “best of both worlds”, juggling both its Eurasian and European interests.

Kazakhstan and **Kyrgyzstan**, then (even if they have different economic situations, as Kazakhstan is wealthier than Kyrgyzstan) seem to be aligned for what concerns the adhesion in various international regional organisations, joining both the Eastern and Central Asian institutions (Shanghai Cooperation Organisation, Asia Cooperation Dialogue, Conference on Interaction and Confidence-Building Measures in Asia, Non - Aligned countries Movement, TRANsport Corridor Europe-Caucasus-Asia). There are some cases in which Kazakhstan and Kyrgyzstan are the only Partner Countries among the EAEU to adhere to some organisations; for example in the Economic Cooperation Organisation (which is an inter-governmental regional organization which goal is to provide sustainable development within a region formed by countries from Europe, Caucuses and Central Asia, Middle East and South Asia) ⁶², in the Organisation of Islamic Cooperation (an international organisation to represent the Muslim world and to promote international peace and

⁶¹ Official Website of the Ministry of Foreign Affairs of the Republic of Belarus: <http://mfa.gov.by/en/courtiers/>

⁶² Information on the ECO; Official Website: http://www.eco.int/general_content/86055-History.html?t=General-content

harmony)⁶³ and in the Asia Development Bank (an Asian financial institution whose goal is to foster economic growth and cooperation in the poorest areas of the Asian and Pacific regions)⁶⁴. These two players seem oriented towards the Central Asian dynamics and the internal development of the region, if considering the adhesion to TRAcEca, CICA and CARICC. Furthermore, they appear distant from the European Union, embracing instead many eastern institutions like the ACD, ADB and the SCO of course. With President Nursultan Nazarbayev, Kazakhstan ensured international support and a position in the world community, acting as a bridge between the Europe and Asia; apart from the theory, in the reality, Kazakhstan shows ambivalent attitudes towards taking positions beside the Western countries, as most of the Kazakh's foreign policies are still oriented towards the CIS states and the satellite countries of Russia, especially when it came to promote a sort of regionalism in Central Asia ⁶⁵ . The small territorial dimension and the economic weakness of Kyrgyzstan puts the country in the position to consider outside assistance to become economically viable, searching for international help rather than to contribute to it; even if with President Akayev (in charge in the period 1990 - 2005) a global search for diplomatic partners has been conducted since Kyrgyzstan gained independence, the Country still today is declaring itself neutral towards any specific preference, even if it remains Central Asia – oriented, and Kazakhstan (and Russia) still remain its main partners ⁶⁶.

Armenia does not appear much involved in the scenario of the regional agreements, the only memberships shared with the other Partner Countries within the EAEU are those ones in the Black Sea Economic Cooperation, the Euro - Atlantic Partnership

⁶³ In these two countries, the majority of the population is Muslim: in Kazakhstan it is the 70.2% and in Kyrgyzstan it is the 90% (*Source: CIA World Factbook*). Information on the OIC; Official Website https://www.oic-oci.org/page/?p_id=52&p_ref=26&lan=en

⁶⁴ Information on the Asian Development Bank; Official Website: <https://www.adb.org/about/main>

⁶⁵ The contributions regarding the international relations of Kazakhstan are analysed in the following article by Global Security : <https://www.globalsecurity.org/military/world/centralasia/kazak-forrel.htm>

⁶⁶ contributions regarding the international relations of Kyrgyzstan are analysed in the following article by Global Security: <https://www.globalsecurity.org/military/world/centralasia/kyrgyz-forrel.htm>

Council, the Eastern Partnership, the TRANsport Corridor Europe-Caucasus-Asia, and the Non - Aligned countries movement (as an observing member). A relevant aspect of the Armenian orientation towards the international scenario emerges when considering that Armenia is a member with Russia in the Council of Europe (CoE), the main EU organisation committed in the promotion of the human rights ⁶⁷. Anyhow, no relevant positions are evident in the international scenario for Armenia, except for an openly declared interest towards Europe (*"The cooperation with the European Union is one of the foreign policy priorities for the Republic of Armenia"* ⁶⁸); as mentioned before, Armenia received almost 140/170 €/millions from the European Neighbourhood Instrument, a programme of the Eastern Partnership. Furthermore, in 2018, the EU - Armenia Partnership Priorities agreement has been signed, receiving funds for an amount of 160 €/millions to sustain (among the various goals) economic development and the strengthening of the Armenian institutions ⁶⁹. Armenia joined the EAEU in 2015, even if this membership was not a priority for the foreign politics, but just a national interest based on the receiving of investments for the modernisation of the country: the main motivation for the adhesion were uniquely economic (trying to recover after the crisis of 2008 - 2010), and the Armenian population manifested a certain malcontent for the adhesion (Lagutina, 2018). According to Lagutina (2018) once again, the Armenian strategy in international politics can be defined as *"and/and"*, maintaining its membership in the EAEU and close ties with the EU.

If considering a perspective regarding the Partner Countries except Russia, different patterns can be observed. Russia in this scenario figures as a dealmaker, without which the Partner Countries does not seem to be following the same path outside the EAEU. Belarus holds a tight relation with Russia, but de facto, it is an observing member for most of the organisations in which Russia is dealing. Kazakhstan and Kyrgyzstan seem to be more affiliated with the Central Asian countries rather than

⁶⁷ Information on the CoE; Official Website: <https://www.coe.int/en/web/portal/home>

⁶⁸ Declaration contained in the website of the Ministry of the Foreign Affairs of Armenia: <https://www.mfa.am/en/bilateral-relations/eu>

⁶⁹ The EU - Armenia Partnership Priorities for 2017 – 2020. Available at the EU Official Website: https://eeas.europa.eu/headquarters/headquarters-homepage/40231/eu-and-armenia-sign-cooperation-priorities-until-2020_en

with its Partner countries, and Armenia does not seem to follow any specific orientation, even if, a sense of appreciation for the EU actually co - exist with the membership in the EAEU; Belarus finds itself in the same situation of Armenia.

Russia is the nerve centre of the EAEU, but it is necessary to stress that the Russian diplomatic situation has worsened after the severe measures applied by the Western countries; at the same time, countries like Armenia and Kyrgyzstan are facing huge economic problems while Belarus and Kazakhstan lies in the middle (Dastanka, 2015). The thesis according to which the EAEU Partner Countries has a long road ahead towards deeper integration, is reinforced when considering the analysis proposed above regarding the import/export quotas, the bilateral FDI and the immigration flows within the territory: the main destination and source for any free movement is Russia, and minoritarian shares are attributable to the bilateral exchanges among the other Partner Countries, evidencing a huge imbalance.

The perspectives given by the single states of the EAEU in the regionalist scenario are certainly dutiful, even if, also the negotiations lead by the EAEU as a regional institution with third counties and other institutions must be taken into account to provide a complete framework. The main formal agreements stipulated are with China (with a Non - Preferential Free Trade Agreement signed in 2018 ⁷⁰, which will be analysed in Chapter 3) and the Preferential Free - Trade Agreement with Vietnam signed in 2105 which came into force in 2016, which goal is to foster the development of mutual car - making projects and investments in power generation, transport infrastructure, and oil refining facilities (Petrosyan et al., Eurasian Development Bank, 2019; Vinokurov, 2017). In May 2018 a provisional agreement with Iran was signed, in order to achieve in the foreseen future a Free Trade Agreement, oriented towards agricultural goods (wheat, maize, sunflower seed oil...) and industrial goods (such as rolled steel and telecommunication equipment) (Petrosyan et al., 2019).

⁷⁰ China Non – PTA with EAEU available at: <https://www.china-briefing.com/news/increasing-china-russia-trade-investment-opportunities-eaeu-fta-kicks/>

Further agreements (prevalingly under construction) are summarized below ⁷¹.

In the **Asia - Pacific region** many *memorandums* and joint statements have been made:

- In **Singapore**, in 2016, a *Memorandum of Mutual Understanding* to set industrialization as a priority in the EAEU - Singapore cooperation was signed; the negotiations to create a free - trade agreement are still under construction and aim to involve exchange of experiences in governmental procurement (particularly concerning the digitalization of the latter), trade and economic cooperation.
- A *Memorandum of Cooperation* with the **Republic of Korea** was signed in October 2015, and the negotiations are still under construction, even if the developments tend to proceed bilaterally from Korea to each of the partner countries, rather than involving the EAEU as an institution itself.
- Another *Memorandum of Cooperation* was signed in May 2016 with the **Republic of Cambodia**, which is focused in the investment opportunities in Cambodia and the creation of a single market for the services; to date, the latest meeting was held in May 2018.
- Then, in June 2017, a joint statement to foster a free - trade agreement with **India** was signed; the EAEU proposals to India are still under evaluation since their submission in June 2018, after the consultations held in January 2018.

In the **Middle East**, then, the relations of the EAEU are established with two countries:

⁷¹ The contributions for this part of the research are attributable to the Eurasian Development Bank; the information provided are available in the 52nd Report for the Year 2019 (*Eurasian Economic Integration 2019*) available at the Official Website: http://greater-europe.org/wp-content/uploads/2019/09/EDB_Centre_Report_52_Eurasian_Economic_Integration_2019_eng.pdf

- In **Jordan**, a *Memorandum of Cooperation* was signed in September 2017, and the first meetings were planned for early 2019; further negotiations are still under construction.
- Some negotiations with **Israel** started in 2016 and a full - scale round was held in April 2018, and further rounds were planned for 2019.

The EAEU is establishing its presence even in **Latin America**, with vivid negotiations with many countries:

- **Chile** has always shown interested towards the Eurasian integration; therefore, a Memorandum of Mutual Understanding was signed in June 2015. To date, four meetings was held, and the last one was held in December 2018.
- A Memorandum with **Peru** was signed in October 2015. In the past three years, the export share of non - energy products from the EAEU to Peru increased dramatically, and meetings was held regularly.

In Europe, the presence of the EAEU is very limited due to the reasons analysed so far; anyhow, it holds some negotiations:

- With **Greece**, through a *Joint Declaration on Cooperation* which has been established in June 2017. Further developments will depend from the meeting scheduled in 2020, aimed to foster the future cooperation in transport, infrastructure, energy, digitalization, agriculture and tourism.
- In 2018 the EAEU started some negotiations with **Serbia**, which must have been deepened also in 2019 with a free - trade agreement involving many fields (the nature of the Serbian agreements towards the EAEU, currently, are prevalingly bilateral with the Partner Countries).

In **Africa**, then, the presence of the EAEU is not so strong. In fact, the only country whom the EAEU is dealing with is **Egypt**, and in 2017 and 2018 many negotiations have been conducted towards the stipulation of an agreement of free - trade area.

The EAEU, in addition, holds many relations even with some regional institutions:

- A *Memorandum on Trade and Economic Cooperation* with **MERCOSUR** was signed in December 2018. The aim is to smooth issues of mutual interest in both the regions, such as customs administration, technical supervision and standardization, the digitalization process of the economy and the expansion of business ties among MERCOSUR and EAEU entrepreneurs. The work is currently under way.
- Since its creation in 2014, the EAEU has always been working on the establishment of relations with the **ASEAN**. This goal was concretized in November 2018 signing a *Memorandum of Mutual Understanding*, aimed to foster even more the cooperation on agriculture, health care, finance, IT and nuclear energy.
- In 2017 a *Memorandum of Mutual Understanding* was signed with the Andean Community. Similar Memorandums with other Latin American regional organisations are being fostered: with **CARICOM**, with **LAIA** (Latin America Integration Association) and with the **Pacific Alliance**.

The direct conclusion which can be drawn, is relative to the vivid interest of the EAEU to search for diplomatic partners in various regions of the world. The areas to which the EAEU seems more interested are eastern: the agreements and negotiations with several countries (China, Vietnam, Singapore, Korea, Cambodia, India) and regional associations (ASEAN), may confirm even more that the EAEU political orientations in the foreseen future will be oriented towards the East. Another interesting evidence is the willingness to reach some agreements in the Latin America.

Below, a geographic representation of the current regional cooperation relations of the EAEU in the world is displayed in Figure 7.

COOPERATION RELATIONS OF THE EAEU IN THE WORLD

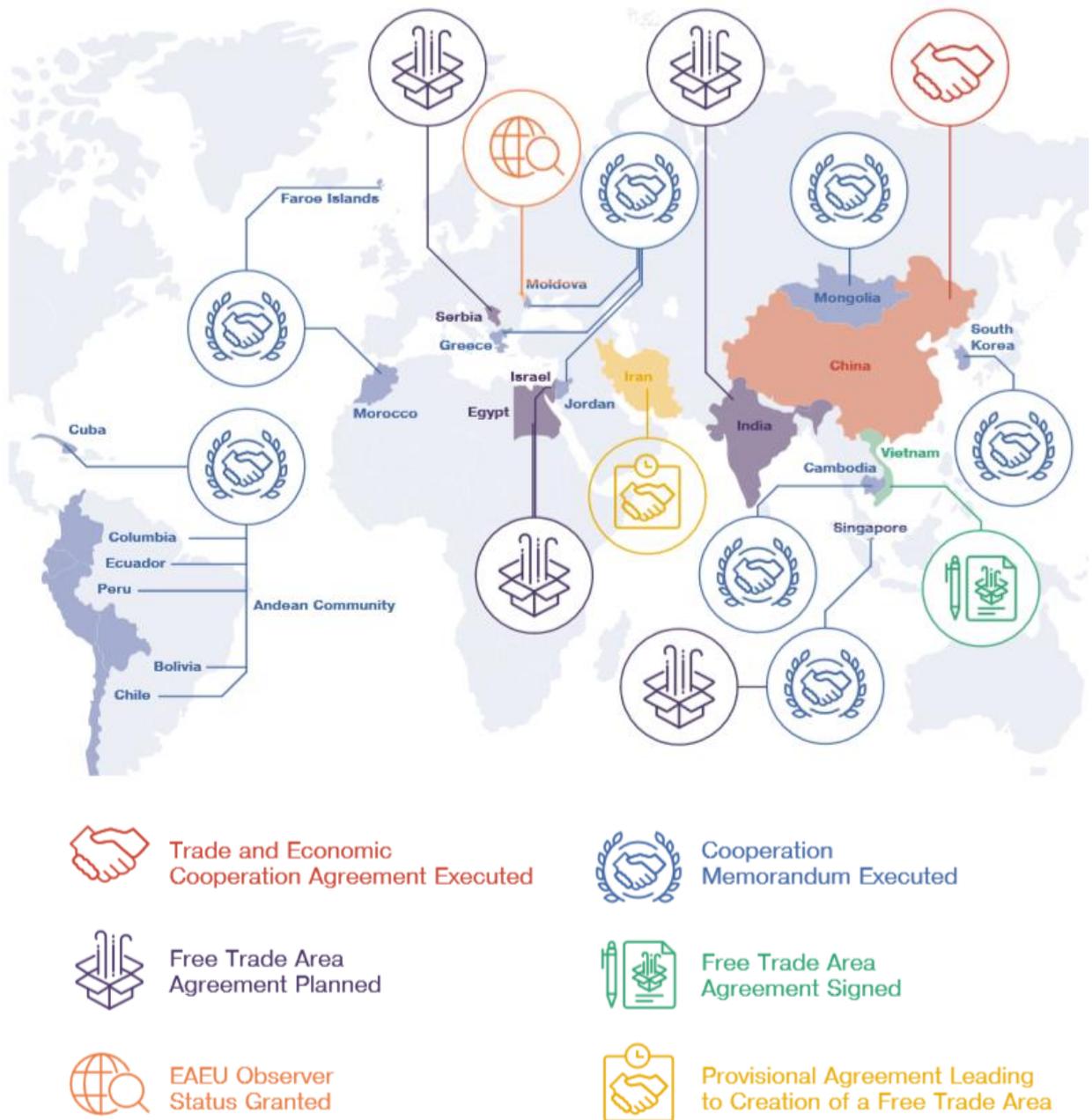


Figure 7: The cooperation relations of the EAEU in the world

Source: Eurasian Economic Union, *Figures and Facts* (2018)

The EAEU countries present different economic structures among them, due to the differences in the availability of natural resources; each State, therefore, has

differentiated opportunities for import/export, fostering their trade specializations within the Union (Petrosyan et al, Eurasian Development Bank, 2019). Anyhow, it should also be considered that Belarus, Kazakhstan and Russia have *systematically* been involved in the economic integration process for longer if compared with Armenia and Kyrgyzstan. Therefore, before the admittance of the latter two Countries, Kazakhstan wanted to delay the admittance of new Partner Countries in order to admit members which fulfilled the requirements before joining the EAEU; Russia, on the other hand, only focused in expanding as much as possible the EAEU, thus convincing Armenia and Kyrgyzstan to join in order to get mutual benefits (Golam & Monowar, 2018). Once again, the clear different interest in the development of the EAEU arise.

The young connotation of the EAEU makes difficult to try to put in a specific framework its development for what concerns the orientations of the Partner Countries, even if some evidences can be proven. Economically weak countries such Armenia and Kyrgyzstan, but also Belarus and Kazakhstan, see the regional economic integration as a possibility of growth; on the other hand, there is Russia, which does not need economic support from its partner countries (as Russia is the wealthiest among the EAEU), and clearly sees in the EAEU a geopolitical, strategic project. Countries like Armenia and Belarus are actively searching for cooperation with the EU, trying to counterbalance the European and the Eurasian dimension and to get advantages from both the regional projects. Countries like Kazakhstan and Kyrgyzstan implicitly have the role of mediators between the Eurasian world and the EU, characterizing their international political actions by a certain neutrality, preferring an inward focus on Central Asian affairs.

The Post - Sovietic fragmentation and the contemporary Eurasianism, and the various attempts of reunion made by Russia after the collapse of the USSR have been considered so far to integrate the analysis of the Russian stake in the development of the EAEU and the key actions to foster the integration. The analysis of the main membership in international organisations external to the EAEU is the key to draw the conclusions regarding the current commitment of the Partner Countries of the EAEU, and especially the role of Russia as the main process maker. In this chapter, the role of the Eastern Counties in the foreign relations of the EAEU as an institution

(and of the Member Countries in the bilateral negotiations) had clearly emerged; this importance of the Eastern countries is particularly relevant for Russia. The Shanghai Cooperation Organisation, then, has been mentioned many times due to its importance for the Eurasian Economic Union and its Members. Therefore, Chapter 3 is entirely dedicated to the controverted relation of Russia (and the EAEU countries) with one of the main global players in the world: China.

3.1 Premise: the energy sector in Russia and the Chinese *going abroad* energy strategy

The establishment of a common energy market within the EAEU figures as one of the most important actions undertaken for the development of this new regional project, and Russia and Kazakhstan figures as the pivot States for what concerns the construction of a common energy market (Pastukhova and Westphal, 2018); even if in a lesser extent, also Belarus is working towards this common goal. Russia and the Central Asian producers of energetic resources nowadays constitute a dynamic element for what concerns the global supply policy; consequently, they are getting more and more oriented towards the new, increasing demand for energetic resources, especially the Chinese one (Magri, 2014). Nowadays China is facing a strong growth, and consequently a strong transition in the energy sector concerning the substitution of coal with liquid energy gas, especially in the highly - urbanized areas (Clò, 2014). In order to meet its energetic needs, China will have to increasingly rely on international suppliers, and, at the same time, the Chinese political decisionmakers will have to create suitable conditions where to project their choices and intentions towards the global scenario (Verda, 2014).

The huge availability of hydrocarbons reserves within the EAEU territory constitutes the main geopolitical asset for the area, and it is the pillar for its economic and political integration; in fact, the EAEU represents the first producer in the world for what concerns oil (14.% over the whole global production), the second for what concerns gas (20.2% over the whole global production) and the fourth for what concerns power generation (4.9% over the whole global production)⁷². At the time of the USSR, the Soviet energy policy entailed a huge construction process to ensure the upstream and midstream of both natural gas and

⁷² Official data about the energy sector in the EAEU:
<http://www.eaeunion.org/?lang=en#about>

oil; so consumer, producer or transit States of the USSR were bound together by the Unified Supply System (USS) (Frappi, 2015). Nowadays, Russia is the majoritarian supplier of gas to Russian and foreign consumers; the country has the global largest system for the transmission of gas ⁷³: the total length is 172,600 kilometres, which allows to sell more than half of its gas to Russian consumers and exporting gas to more than 30 countries (within and beyond Eurasia). In the field of the hydrocarbons Russia figures as the second, majoritarian holder of reserves in the world (after Saudi Arabia) and the second gas producer in the world (after the United States); for what concerns natural gas, then, Russia holds the highest amount of resources after Iran. The major resources are localized in Siberia, in the energy fields of Urengoy, Medvezh'ye and Yamburg; the amount of resources available in Russia legitimates it to be defined as *global supplier*, as it is the first supplier in the world for what concerns natural gas and the second for what concerns oil, following two precise routes: the Western one (Europe, Turkey, Post – Soviet space) which is the preponderant, and the Eastern one (China, Japan, South Korea), which is facing many challenges for its development (Indeo, 2014). In Siberia also the Arctic shores are an important energetic asset: if the key interest of China has been directed towards the Russian Far East and East Siberia for decades, nowadays China is showing more and more interest in the Arctic, which is now at the centre of many negotiations between the two global players (Klimenko & Sørensen, 2017; the Arctic issue is analysed in paragraph 3.4 . Below there is a representation with the current information about the energy sector in the EAEU (oil and gas), both for production and proved reserves referring to the year 2018; the oil proved reserves are expressed in thousand million barrels and the oil production is expressed in thousand barrels daily, while the gas proved reserves are expressed in trillion cubic metres and the production in billion cubic metres.

ENERGETIC SECTOR WITHIN THE EAEU: OIL AND GAS

	OIL RESERVES	OIL PRODUCTION	GAS RESERVES	GAS PRODUCTION

⁷³ The most important company in Russia for the production and sold of natural gas is Gazprom; the information are available on the Official Website: <https://www.gazprom.com/about/>

RUSSIA	106.2 (6.1%)	11438 (12.1%)	38.9 (19.8%)	669.5 (17.3%)
BELARUS	0.2 (0%)	32 (0%)	0.003 (0%)	0.06 (0%)
KAZAKHSTAN	30.0 (1.7%)	1927 (2.0%)	1.0 (0.5%)	24.4 (0.6%)
KYRGYZSTAN	0.04 (0%)	1 (0%)	0.01 (0%)	0.03 (0%)
ARMENIA	0	0	0	0

Table 7: The energy sector within the EAEU

Source:

BP Statistical Review of World Energy 2019

<https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy.html>

CIA World Factbook 2019 <https://www.cia.gov/library/publications/the-world-factbook/geos/am.html>

Giving a first look to the table 7, it is clear that Russia is the pivotal State within the EAEU for what concerns

oil and gas, both for the daily production and the reserves; also Kazakhstan gives an important contribution to the energy sector, even if in a minoritarian share. Belarus, even if not comparable to the production levels of Russia and Kazakhstan, figures as a bit wealthier in the energy sector if compared with

THE SINO - RUSSIAN BORDER



Figure 8 : The Russia - China border

Source: BBC News Official Website <https://www.bbc.com/news>

Kyrgyzstan and Armenia (for the latter, the data are not even detectable). The EAEU energetic integration process is not just a *geostrategic* Russian - led move to consolidate its influence in the Eurasian area, but it also constitutes an opportunity for the Partner Countries to develop new economic systems, progressively abandoning the Post - Sovietic connotation which has always characterized them

(Pastukhova and Westphal, 2018). The economic integration for what concerns the energy sector (not only among the EAEU countries, but also among the non - EAEU ones) fostered the internal consensus on the topic, and, at the same time, the Eurasian producing countries self - legitimated as leaders towards the consuming countries being supplied. Furthermore, the *landlocked* condition of the majority of the Member States of the EAEU provides a privileged integration among them due to the mutual benefits both for producer countries and transit countries (less fees for the transit, for example), affecting not only the economic dimension but also the political one, creating relevant relationships among the producer and the transit countries which, anyhow, may become more and more based on dependency. The fragile integration dynamics into the EAEU are being shaped by the geography of energy consumption in which China and the East Asian markets play a key role. China is oriented towards Siberia and its energetic resources, a region in which, at the same time, the demographic decline runs at the pace of - 3 % per annum in the year slot 1990 - 2015. In an attempt to compensate the problem of the attribution of the borders between Russia and China (China never accepted the current borders, and the disputes among the two countries have always been subject of a huge debate (Cheng, 2013)), China implicitly advances requests of joint - exploitation of the Siberian energetic resources thanks to its huge availability of capitals and technical know - how (Migliavacca, 2018). The border between Siberia and China is the 6th longest one in the world, with a total length around 4,300 km ⁷⁴. The problem of the imbalance between the Siberian underpopulation and the Chinese overpopulation is still creating the fear of a Chinese influence in Siberia, to which Russia has always remedied by playing the card of the patriotic feelings and the undercut of Siberia from regional projects (Goble, 2016).

Both Russia and China have a strong influence in the international scenario (even if the Chinese one is stronger) and the tensions for the domain of Siberia rise as much as they both gain power among the global players, with the consequent risk to collide with each other. The economic base for Russia is getting more and more Siberian - centred, together with the so - called *Russian Far East*, and the destiny of

⁷⁴ Total length of the Russia – China border; available at:
https://en.wikipedia.org/wiki/China%E2%80%93Russia_border

these territories is also shaping the destiny of the Sino - Russian relationships. The Russian Far East bases its economy on the exploitation of the sea (the Arctic and the eastern shores) and land and covers a huge importance for the preservation of the energetic resources, gaining as importance as the Western Siberian resources and the Urals area diminish. Weak national borders and latent Chinese immigration in the Russian Far East, as a result create a thick commercial route, which features are more related with China than to Russia; the progressive *Sinicization* of the area, as a consequence, cause strong Russian nationalism among the population, and especially among the military bodies, hindering the mutual cooperation and the development of the Sino - Russian relation (Sideri, 2011).

After the Ukrainian crisis of 2014, as a countermeasure to face the growing hostility from the Western countries, Russia decided to re - orient its political and economic relationships toward the East, in China; in doing so, the aim was to find a new majoritarian buyer of hydrocarbons and new markets where to find capitals for the Russian companies. At the same time, China would have provided consistent cash flows to Russia

from the massive purchase of Russian assets and providing new investments in its underdeveloped infrastructures and technologies.

The Sino - Russian relationship has had a turning point exactly while the Ukrainian

THE MAIN PIPELINES FROM RUSSIA TO CHINA



Figure 9: The main pipelines from Russia to China

Source: Gazprom Official Website <https://www.gazprom.com/projects/>

crisis was booming, with the Russian acceptance to re - negotiate the role of China as an investor in the infrastructural investment and in the exploitation of natural resources, re - establishing the relations between China and Central Asia (which importance will be analysed in paragraph 3.3, concerning the Belt Road Initiative), considered full of potential but with limited opportunities of collaboration. Therefore, the energy sector constitutes the pivotal element of the Sino - Russian relationship: a 30 - year agreement for the supply of gas through the construction of a Russia - China pipeline of 3,000 km was signed in 2014, and, currently, the pipeline is almost finished and will be fully operative probably in December 2019; through the Western route, the Western - Siberian gas will directly reach China ⁷⁵. Since 2014, the delays in the construction of the pipeline was based on some benchmarking issues regarding the price, in which of course Russia wanted to avoid excessive downturns. Anyhow, the Russian narrow - orientation towards China as the majoritarian buyer of energetic resources in Asia, might lead to miss the development of other business relations with other Asian players which might be reached with oil and gas pipelines through the Pacific Ocean. The latter dynamic might lead to different problems in the long - term such as the inference of China in the energy sector by the progressive acquisition of majoritarian stakes in strategic deposits of natural resources and the progressive selling - off of the Russian assets, justified by a medium - term inflow of cash (which is highly required by Russia right now) (Gabuev, 2016).

Apparently, China and Russia seem to be perfectly complementary commercial partner countries: Russia lacks in workforce and it is plenty of natural energetic resources and China has an abundance of workforce and a huge demand for energetic resources ⁷⁶, but according to some scholars, it seems just an appearance. The only aim for China clearly appears aimed only to acquire low - cost natural resources and to gain progressive influence into the Siberian area, giving to Russia

⁷⁵ Russia - China pipeline: information available from Russia Today <https://www.rt.com/business/452550-russia-mega-pipe-siberia-china/> and from the Official Website of Gazprom <https://www.gazprom.com/press/news/2015/may/article226167/>

⁷⁶ The apparently complementary partnership of Russia and China, available at University Helsinki Chinese Studies <https://blogs.helsinki.fi/chinastudies/2017/11/28/chinese-immigration-to-siberia-a-source-of-tensions-between-moscow-and-beijing/>

the illusion to become one of the key actors in a multipolar world, while China could reduce it as a mere subordinate. The Chinese export to Russia is prevalingly composed by manufactures, which are considerably major than the Russian export to China, which mainly consists in energetic products and raw materials. The Russian oil and gas are exported in change of an informal Chinese geopolitical defence of the Eurasia towards other Western aims to gain inference in the energetic reserves (Sideri, 2011). Anyhow it is a double - edged sword, especially for what concerns Central Asia and the availability of energetic reserves in the area. In fact, in order to avoid the American inference in the area, Russia prefers to consolidate its relations with China, even if it means to compete with it for those energetic resources that allow Russia to meet its domestic and the one of the CIS countries; the Central Asian countries, meanwhile, are stipulating many agreements with China for the direct supply through pipelines (for example the oil duct Kazakhstan - China and the Central Asian Natural Gas Pipeline), allowing them major bargaining power towards Russia in establishing the prices; the Central Asian countries, in fact, are developing more and more a sort of resistance towards Russian pressures in the energy field, as being afraid to become a mere supplier of cheap natural resources

OIL AND NATURAL GAS IN CHINA

	OIL	NATURAL GAS
PRODUCTION	3798 (thousand barrels daily) 4.0% of the global share	161.5 (billion cubic metres) 4.2% of the global share
RESERVES	25.9 (thousand million barrels) 1.5% of the global share	6.1 (trillion cubic metres); 3.1% of the global share
IMPORT	11, 039 (thousand barrels daily) 15.5% of the global share	47.9 (billion cubic metres); 5.1% of the global share
EXPORT	2.7 (million tonnes) Almost 0% of the global share	2.9 (billion cubic metres); 0.3% of the global share

Table 8: Production, Reserves, import/export flows of oil and gas in China

Source: BP Statistical Review of World Energy 2019

<https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy.html>

for China. And, of course, if Russia needs to set high prices to sustain its expensive oil production, China tends to accept low prices only. What currently seems a *strategic partnership*, might turn into a growing *strategic divergence* very soon (Sideri, 2011).

Table 8 gives a complete overview of the Chinese energetic sector: the reserves of both oil and gas are quite scarce, and the production is, therefore, weak. The huge asymmetry between the energetic import/export data confirm the Chinese dependency from Russia, which directs the 26% of its total oil exports towards China, and the 4.42% of its total natural gas export.

Since the dissolution of the USSR, the Central Asian gas resources supplied a consistent part of the Russian production, such that the infrastructures were mainly oriented to the north of the country. But nowadays (in addition with the dilution of the native border populations with the Chinese *han* ethnicity) China have built a thick network of infrastructures (railways, motorways and oil ducts) from the border regions of the Xinjiang and Tibet to the Chinese heartland in order to prevent separatist sentiments and to keep them as tightened as possible with Beijing; as a result, the Central Asian resources currently lies at equal distance between Russia and China. Despite a lot of differences smoothed among Moscow and Beijing, many other tensions still endure, enough to perceive it difficult to define the Sino - Russian relation an alliance (Sideri, 2011). The increasing of the commercial relations in the energy sector among the two players, might lead not only to a Sino - Russian imbalance, but also towards the Western countries which currently get supplied by Russia; this imbalance may cause a decisive orientation of Russia towards Asia rather than to the Western countries (Fasulo, 2014).

So far, the role of the Chinese going abroad strategy for what concerns the energy field has been defined in broad terms. The energetic sector constitutes a key pillar not only in the Sino - Russian relation, but also considering the Chinese relation with the Central Asian countries of the EAEU, Kazakhstan and Kyrgyzstan. The Chinese interest in a further development of the EAEU cannot be analysed without considering the **Shanghai Cooperation Organisation** and the **Belt Road Initiative**, and the implications for the Partner Countries of the EAEU. Within the EAEU, according to the data, the relations with China seem monopolized by Russia, which

aims to appear as leading actor even in this field; actually, Russia figures as a dealmaker and a sort of *spokesman* with China, which is one of the most attractive global players and a neighbour country with which there have been many disputes, especially for the definition of the borders between the two States. As reported at the beginning of the paragraph, the origin of the current pseudo - chemistry between Russia and China has taken its origins with the booming of the Ukrainian Crisis, when Russia found itself isolated by the Western Countries and punished with severe economic sanctions; Russia re - oriented its economic and political ambitions towards Asia, especially China, which seized the opportunity with both hands to gain more influence in the Eurasian space, first declaring itself neutral towards the Russian vicissitudes in Crimea and, starting to build the basis for a Sino - Russian cooperation. In this context, the huge demand for energetic resources (especially natural gas) and the abundance of the latter in the Eurasian space, led to the construction of the Russia - China pipeline with the 30 year supply contract. Even if it may seem a *happy - ending - story*, actually there are many key points to be considered.

First, the perceived equality in the Sino - Russian relation might reveal even more than utopic; in the long - term Russia would be reduced as a subordinate of the Chinese influence, and the energetic bonds tightened with the creation of the pipelines may also reduce the bargaining power of Russia in setting its prices for the resources. Secondly, the role of Siberia cannot be underestimated; in Siberia there are the majoritarian reserves of oil and natural gas in the whole EAEU, especially in the Russian Far East, which reserves are almost virgin and which border is shared with China. The border tensions could probably hide inference intentions from China, which aim is to gain more influence by gaining majoritarian shares in the energy reserves. Thirdly, the huge need of Russia for more liquidity may conduct to the progressive Chinese takeover of the Russian assets selling them off at derisory prices; in the medium run the Russian cash flows could consistently increase but, on the other hand, it would reveal itself as an unprofitable move, favouring once again the Chinese influence. Lastly, the key interest of China in Central Asia should arouse many alarm bells to Russia. The Central Asian States have huge reserves of oil and natural gas, which served since years to Russia in order to supply its buyers. These resources are currently halfway - distance between Chinese and Russian

infrastructures, and China aims to involve the Region in its BRI project with the construction of new, effective infrastructures (see paragraph 3.4); the key question resides in how much influence Russia may claim over the considered areas once the Chinese investments will be ultimate. The Central Asian States, then, cannot incur in the risk to be reduced as a mere supplier of energetic resources for Russia, to be then used to cheaply supply China.

If only considering the energetic sector within the EAEU, China seems more interested in stipulate bilateral agreements with the single countries (mainly with Russia and Kazakhstan) rather than to successfully implement its agreement with the EAEU as a regional institution (see paragraph 3.4). The interest of China towards the development of the EAEU as a regional organisation, anyhow, can be analysed only after providing a dutiful deepening on regarding the Shanghai Cooperation Organisation and the Belt Road Initiative; these two enormous projects, in fact, have a direct consequence in Russia and in the Central Asian States, especially if looking at Kazakhstan and Kyrgyzstan.

3.2 The SCO and the implications for Russia (but also for the other Partner Countries of the EAEU)

The economic and political cooperation of Russia with China had increased after the naissance in 2001 of the Shanghai Cooperation Organisation (Ferrari, 2019). The Shanghai Cooperation Organisation is an *intergovernmental international organisation which goals are the strengthening of the mutual trust and neighbourliness among the Partner Countries, the promotion of their effective cooperation in politics, trade, the economy, research, technology and culture, as well as in education, energy, transport, tourism, environmental protection, and other areas; in addition, also making joint efforts to maintain and ensure peace, security and stability in the region and moving towards the establishment of a democratic, fair and rational new international political and economic order.* The internal policy is pursued following the principles of *mutual trust, mutual benefit, equality, mutual consultations, respect for cultural diversity, and a desire for common development, while its external policy is conducted in accordance with the principles of non-*

alignment, non-targeting any third country, and openness ⁷⁷. The precursor of the SCO was the Shanghai Five, an organisation founded in 1996 which goals were to foster disarmament and strengthening trust in the border regions among Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan. With the advent of the 21st century and the huge changes in globalisation that it has wrought, and the speedy development and technological advancements, the heads of the Shanghai Five decided to pursue a further step towards the creation of a regional organisation; the choice was also dictated by the need to ensure security and stability in Central Asia, because of to the activity of terrorist, separatist and extremist forces. So, the Shanghai Five enlarged itself by including Uzbekistan, and giving birth in June 15th, 2001 in Shanghai to the Shanghai Cooperation Organisation ⁷⁸. The Heads of State Council (HSC) is the highest decision - making body, and there are two other permanent bodies: the SCO Secretariat (based in Beijing, China) and the Executive Committee of the Regional Anti-Terrorist Structure (RATS) (based in Tashkent, Uzbekistan). The organisation progressively enlarged, and nowadays it counts eight member States, which are China, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, India, Pakistan; SCO also admits four observer states and six dialogue partners ⁷⁹ (see Table 9).

CURRENT COMPOSITION OF THE SHANGHAI COOPERATION ORGANISATION

MEMBER STATES	OBSERVER STATES	DIALOGUE PARTNERS
CHINA, RUSSIA, KAZAKHSTAN, KYRGYZSTAN, UZBEKISTAN, TAJIKISTAN, INDIA, PAKISTAN.	BELARUS, IRAN, MONGOLIA, AFGHANISTAN.	ARMENIA, AZERBAIJAN, CAMBODIA, NEPAL, TURKEY, SRI LANKA.

Table 9: The SCO Member States, the Observer States and the Dialogue Partners

Source: SCO Official Website http://eng.sectSCO.org/about_sco/

⁷⁷ The principles of the SCO; available at the Official Website: http://eng.sectSCO.org/about_sco/

⁷⁸ The evolution of the Shanghai Five into the Shanghai Cooperation Organisation. Available at: http://www.chinadaily.com.cn/china/2006-06/12/content_6020347.htm

⁷⁹ The bodies of the SCO; available at the Official Website: http://eng.sectSCO.org/about_sco/

The current situation of the organisation - with reference to the SCO Annual Summit held in Bishkek (Kazakhstan) on 13 and 14 June 2019 - can be analysed by considering its agenda for the Summit; in fact, the most important topics discussed were relative to the regional security and the fight against extremism and terrorism, followed by the aim to promote development and stability in Afghanistan, the cultural and the humanitarian cooperation among the Members and, of course, the renewal of the economic integration efforts and the forecasts for a new plan of investments⁸⁰. So far it seems that the SCO agenda meets its founding principles, by the way the aim for more regional security fits with the willingness to boost the economic integration within the area as well as the pursue of more economic development. The SCO, nowadays, has acquired the connotation of a *multifunctional regional club*, gaining more and more attractiveness towards the Eurasian countries. Anyhow, all that glitters is not gold: even if the “mutual trust” goals are being constantly reported in the official documents, the goodness of this statements is strongly questioned; the latent competitiveness between Russia and China portends that it is a facade only. The Sino - Russian relationships within the SCO are carried on with a certain mistrust with each other, especially for what concerns the Russian Far East problem. The geopolitical diversities within the SCO Members, then, arise many debates; the most evident divergence within the SCO regards the political - military connotation strongly given by Russia and the economic connotation given by China. The winding competition into the Organisation between Russia and China increases as the Chinese economic expansion goes further, while Russia tries to use the SCO as a tool to pursue the goals of its agenda in the global scenario (Molchanov, 2018).

Russia, at the very beginning of the SCO, figured as the main expert for what concerned multilateral diplomacy, as both China and the Central Asian countries had few experience with it, and its implicit role in the Organisation has been for a while about being the mentor for what concerns the necessary know - how, leading so the

⁸⁰ Article by Eleanor Albert, 21st June 2019. *The Shanghai Cooperation Organization: A Vehicle for Cooperation or Competition? - The SCO reflects shifting power dynamics in this subregion, particularly between China and Russia*. Available at: <https://thediplomat.com/2019/06/the-shanghai-cooperation-organization-a-vehicle-for-cooperation-or-competition/>

negotiations within the forum in the first phase of its existence. The institutionalisation of the cross - border talks offered to China the chance to gain attention from the Central Asian countries, involving them mainly through the debate for the cross - border issues; since then, China's sights towards Central Asia have been set even more (Molchanov, 2018). Even if Russia has been a co - founder of the SCO and covered a very important function in the start - up phase, then the leadership was progressively reversed towards China, which saw in Russia a powerful dealmaker in negotiate its cross border tensions with the Central Asian States. The role of Russia in the eyes of the Central Asian countries, on the other hand, ensures stability and security, without which the Organisation would lose part of its legitimacy.

According to Troitskiy (2007), the Russian motivations to pursue such integration with the SCO, undoubtedly takes its origins in the attempt demonstrate to the Western Countries (EU, United States) that other valid alliances in the Eurasian area do actually exist as an alternative to a forced dealing with them, and the SCO membership figured as a preparatory step towards the integration process of the EAEU; this is why the SCO covers a variety of meaning and purposes for Russia. In first instance, the Russian prevailing military orientation within the EAEU does not fit with the Chinese agenda to create a free - trade area within the partner countries; anyhow, since 2001, the Sino - Russian relationship is constantly growing and seems more and more oriented to foster strategic and financial realms. The SCO served then as a balancing tool in scaling back the United States' influence in Central Asia during the anti - Taliban campaign of 2001/2002, empowering its

COOPERATION FORMATS IN CENTRAL ASIA



Fig. 10: The cooperation formats in Central Asia

Source: Center for Security Studies (CSS), ETH Zurich

relations both with China and Central Asian countries. The main institution in which Russia has always relied for the defence cooperation in Central Asia since its creation is the Collective Security Treaty Organisation (CSTO), and many attempts have been made in order to create some linkages between the CSTO and the SCO, even if low relations have actually been implemented among these two entities. Russia perceives both as two separated entities, pursuing the same goal in different areas: to ensure security relations in the Central Asian area the CSTO is the body in charge, while in China it is the SCO. Russia is the pivotal State for what concerns the CSTO, which is shaped as a traditional defence body; in the *context* of the SCO Russia figures as a *junior founding partner* and had to accept to share its influence with China, also considering that the SCO only decided to develop intelligence sharing and few joint military exercises, abandoning the idea to develop further military cooperation. The Russian choice to insist on proposing further military development within the SCO has to be carefully evaluated: if the SCO turns into a militarized body the risk is to witness a loss of power of the CSTO, and as a consequence the Central Asian states would be somehow confused on which route to undertake concerning security and cooperation for stability; on the other hand, if SCO remains a softly institutionalised body the risk is a greater Chinese penetration into Central Asia, which means to foster the small - scale trade already established and huge infrastructural investments from State - supported programs. So far, Russia's feedback towards the SCO operations for stability and security is positive, noticing a considerable avoidance, containment and resolution of many conflicts. The SCO revealed effective in redeem Central Asian conflicts regarding customs border regulations and the use of water resources, and, what is most important, it is vigilant towards the radical, extremist groups. The Russian presence within the SCO, anyhow, is also aimed to counterbalance the Chinese influence in Central Asia: not only protecting its interests in the area but also offering its *diplomatic backing* to the region in manging its relations with China (Troitskiy, 2007).

After considering the Russian interests in the SCO, of course, also the Chinese interests in relation with the Russian one must be considered under an analytic point of view. So far it is dutiful to remark that the Russian interest in the SCO lies in empowering the security and the military strength of the Organisation, while for China the interest is prevalingly economical and oriented towards an economic

integration with the partner countries. What is new both for China and Russia with the SCO is the commitment into a new deal, which is based on *state - to - state* relationships rather than on formal alliances (Guang, 2007).

Considering that China figures *not - as - expert - as - Russia* for what concerns the multilateral forums, the Chinese membership into the SCO inaugurated a new step forward in its diplomacy, shifting from the mere stipulation of bilateral agreements to become come and more open towards the multilateral negotiations, gaining more confidence in what for China is a completely new scenario. Multilateralism, actually, revealed itself a smart way to pursue the goals of its national and global agenda without entering in conflict with the single neighbour countries. In addition, the cooperation ensures stability and a valid help in fighting the cross - border criminality and terrorism, extremism and separatism. Apart from the cross -border issues and its geopolitical interests in Central Asia, the Chinese vision of the SCO is oriented to the economic integration; the development of the western regions with infrastructures like land - based routes mainly oriented to the import/export of energetic resources is a key action of China within its national border, which is obviously connected to the will to create more economic integration with Central Asia (Guang, 2007).

The financial contribution of China into the SCO projects is majoritarian among the partner countries, due to the economic relevance of the county if compared with the other members (Guang, 2007). In the BRICS - SCO summit of 2015 in Ufa (Russia) ⁸¹, the ten - year plan of Development Strategy Towards 2025 was established: it was proclaimed the non - intention to attribute a military connotation to the organisation with any supranational body and, at the same time, the willingness to enhance peace and stability among the SCO regional area and fostering the regional economic cooperation through the Chinese Belt Road Initiative. According to the further economic integration, China holds different beliefs compared to Russia, especially concerning the Central Asian countries and their capacity to effectively commit in economic integration; if China has long pressured the partner countries

⁸¹ About the BRICS - SCO summit in Ufa in 2015; available at: <https://www.eurasiareview.com/20072015-2015-brics-sco-summits-in-ufa-new-developments-in-multilateralism-analysis/>

to establish a Free Trade Area, on the other hand Russia and the Central Asian countries have heavily opposed this idea. This openly manifested opposition is due to the huge economic disparities between the Central Asian countries and the Chinese giant; furthermore, for what concerns economic integration, Russia seems more propense to bilateral negotiations instead of creating a regionally integrated bloc. In 2010, the Prime Minister of the State Council of the People's Republic of China at the time Wen Jiabao proposed the creation of the SCO Development Bank, in which china had to figure as the majoritarian contributor of the start - up capital (10 USD/bn). In a first instance Russia appeared interesting in such program, aiming to involve all the Partner Countries for a proportional contribution, but when China claimed a predominant decisional power due to its majoritarian contributions of inflows to the Bank, Russia withdrew its initial enthusiasm. The clear goal of China was to establish the SCO Development Bank mainly to finance infrastructural projects in Central Asia, and so to indirectly isolate Russia. It was in this framework that Russia responded with the creation of the Eurasian Development Bank, proposing it as a valid alternative to the SCO Development Bank which, has not yet being formalised (Molchanov, 2018). Anyhow, in 2005 a hybrid organisation was created as an alternative to the SCO Development Bank: the Shanghai Cooperation Organization Interbank Consortium (SCO IBC)⁸². The SCO IBC is a compromise comparing to the SCO Development Bank, as it is a hybrid organisation; in fact, it is composed by some of the Partner Countries' development banks and national banks, such as the Kazakhstan Development Bank (JSC), RSK Bank OJSC of Kyrgyzstan, China Development Bank (CDB), State Corporation "Bank for Development and Foreign Economic Affairs" (Vnesheconombank) and other Partner banks such the Eurasian Development Bank (EDB) which partnered in 2008, the Savings Bank Belarusbank OJSC, the Habib Bank Limited, the Development Bank of Mongolia, the State Savings Bank of the Republic of Tajikistan Amonatbank and the Uzbekistan National Bank for Foreign Economic Affairs. The aim of the organisation is basically the same which was designed for the SCO Development Bank: to financially sustain

⁸² About the : the Shanghai Cooperation Organization Interbank Consortium (SCO IBC); information available on the Official Website: <https://xn--90ab5f.xn--p1ai/en/about-us/international-multilateral-cooperation/the-interbank-consortium-of-the-shanghai-cooperation-organization/>

investment projects in the economic area of the SCO, organizing funding for the projects, to foster the collaboration among the banks also involving the observing members and to promote the exchange and the cooperation with the main institutions within the Regional framework.

If the Chinese goal to create the SCO Development Bank is somehow faded away, anyhow, the Shanghai Cooperation Organization Interbank Consortium is something along the lines of an institutionalised development bank.

The Sino - Russian relation within the framework of the Shanghai Cooperation Organisation seem to be run with apparent diffidence. In one hand there is China willing to pursue the goals of its national agenda considering multilateralism as a vehicle to reach them and calling for more regional economic integration within the SCO area. On the other hand, there is Russia, which elbows with China for the influence within the Organisation and whose main fear regards the Chinese stakes in Central Asia. The aims of China to foster regional integration through its Belt Road Initiative has undoubtedly aroused contrasting reactions to Russia, enhancing even more the fears of an excessive Chinese inference in Eurasia. So far, the huge importance covered by the Central Asian countries for the geopolitics of the economic resources emerges once again: the region lacks in capitals and infrastructures that would be necessary to provide a proper take - off, and China is nothing but ready to further invest there.

3.3 The BRI: China's interests in Central Asia and the current Sino - Russian relations

According to Yiping Huang (2016) The Belt Road Initiative (BRI) can undoubtedly be considered as the most audacious international ambition for China in the contemporary global scenario. The funding principles lie in the creation of a regional development through *win - win* cooperation among the members, which are called to interact with each other jointly. In the Chinese vision, the BRI initiative might be led following the principles of openness among the cooperating countries, a harmonic and market - based inclusiveness and mutual prosperity for all the countries involved. Narrowly speaking this huge project would reach more or less

60 countries, involving almost 64% of the total global population (4.4 billion of people) and almost 31 USD/trillions in the total GDP (30% of the total amount). The Chinese “Silk Road Economic Belt” will unfold three main routes:

- The first encompasses **Central Asia and Russia** to reach the European countries from China (especially aiming to reach the Baltic Sea).
- The second encompasses both **Central Asia** and West Asia to reach the Mediterranean area and the Persian Gulf
- The third one, then, encompasses both South Asia and South East Asia to reach the Indian Ocean.

Also the Sino - Bengali route and the Sino - Bengali - Indian - Burmese economic corridors are an integrating part of the BRI.

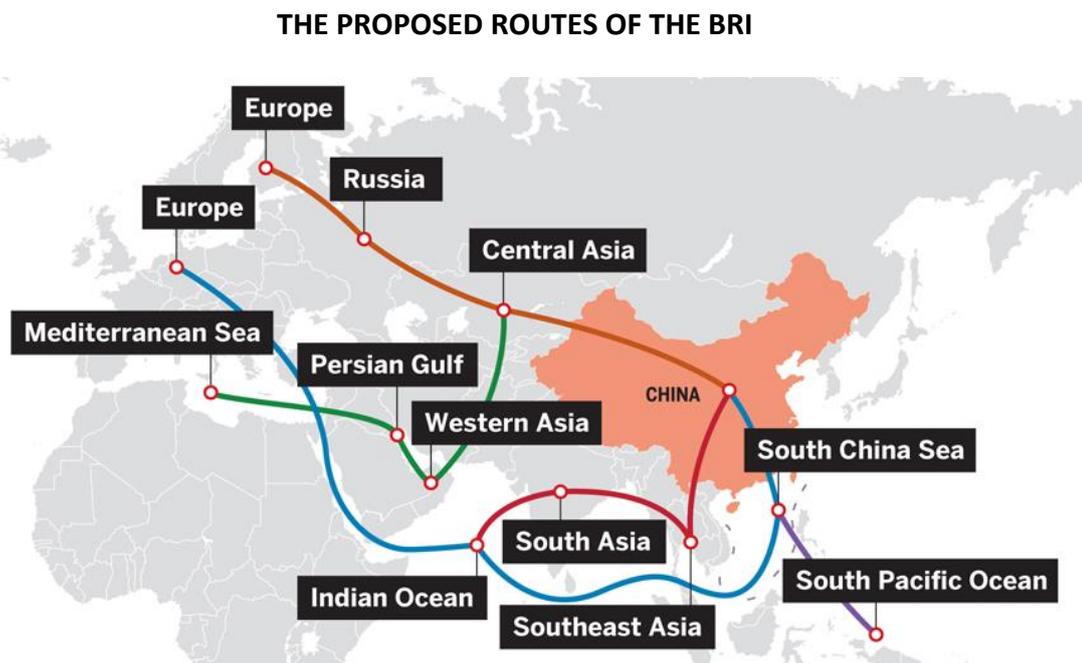


Fig. 11: The proposed, intercontinental routes of the BRI

Source: Belt and Road Portal <https://eng.yidaiyilu.gov.cn/home/rolling/68141.htm>

There is also a “Maritime Silk Road”, which runs from the Chinese ports dislocated along the coasts to the South China Sea to the Indian Ocean, gaining a privileged point of access to reach both African and European coasts. Among the various declinations of this Chinese - led project, the *Eurasian Land Bridge* is one of the key interests: the major cities from China to Europe would serve as a hubs for the corridor, while the trade zones would be the platforms required to link China to the European countries. Furthermore, the actions to be undertaken to pursue the BRI (and, implicitly the Eurasian Land Bridge) are not only focused in cooperation, political dialogue and unimpeded trade: what really matters for China is the infrastructure - building process in the areas involved. The construction of proper communication links (telecommunications and electricity), high - speed railways and oil and gas pipelines is going to be the most ambitious mission for China (Huang, 2016).

The Chinese Belt and Road Initiative poses a huge emphasis on the role of the Central Asia, which is considered both for the first and the second route; then, for what concerns Russia, the role of the Arctic Sea must be considered with attention. These two involvements for what concern the Eurasian area need to be evaluated separately.

The pivotal role of **Central Asia** for China, in this research, has been stressed both for what concerns the Chinese going - abroad energy strategy and the Shanghai Cooperation Organisation, in which the Chinese intentions to promote investments in the area have been softly declared, behind the “peace and stability” connotation attributed to the SCO. But, for what concerns the BRI and its lack of an institutionalised framework, China results both as the leader and the single capital - supplier, which ensures the absence of third parties’ limitations. The BRI with its narrowly economic orientation is carefully looking to Central Asia. The huge Chinese investments in the region are progressively causing the decrease of the Russian influence there, in which it is going to be more and more difficult to curb the problem and to re - gain the control. The Chinese strategic interest in Central Asia appears confirmed by considering the choice of Xi Jinping in 2013 to hold his speech to announce the BRI to the whole world right in Alma Ata, the capital of Kazakhstan (Migliavacca, 2018).

THE CHINESE INFRASTRUCTURES DESIGNED IN CENTRAL ASIA AND EURASIA

<p>HIGH – SPEED RAILROADS</p>	<p>EURASIAN HIGH - SPEED RAIL: London - Paris - Berlin - Warsaw - Kiev - Moscow. The from Moscow the route will be split in two sub - routes: one towards Kazakhstan and another towards the Russian Far East, reaching the Chinese North East.</p> <p>CENTRAL ASIAN HIGH-SPEED RAIL: China (Urumqi) - Uzbekistan - Turkmenistan - Iran - Turkey - Germany.</p>
<p>OIL AND GAS PIPELINES</p>	<p>CENTRAL ASIAN NATURAL GAS PIPELINE: China - Kazakhstan - Uzbekistan</p> <p>CHINA - EASTERN RUSSIA NATURAL GAS PIPELINE</p>

Table 10: The Chinese - designed infrastructures in Central Asia and Eurasia

Source: Own elaboration from Yiping Huang’s research; please look at the references in the bibliography

The main investment projects in Central Asia are focused in the construction of high - speed railroads and oil and gas pipelines; the energetic stake of China plays a crucial role in order to meet its increasing demand of natural resources, and the near Central Asia is the beloved supplier. The cross - border projects designed by China in Central Asia can be summarized in Table 10. Furthermore, also the Kazakh industry is strongly affected by the massive Chinese presence in Central Asia: only the 1% of the domestic demand is met by Kazakh companies, while the 75% is met by Chinese imports (the remaining 20 % is covered by Turkey and Russia and the 4 % by European Countries); in the trade sector in Kazakhstan, the functioning and the creation of jobs, therefore, is almost fully dependant on the imports from China (Sadovskaya, 2007).

Central Asia is one of the least integrated regions in the world, and the internal problems and contradictions just worsen the situation: the co - existence of both dynamism and stagnation, the competition for the regional leaderships, the corruption and the weak presence of the governments, high costs of cross - border trade and lack of new infrastructures, and rivalry for the ownership of the water resources; there is not a commonly shared view about the perception of the Chinese presence in Central Asia, but for sure the region is lined up in two contraposed orientations: the élites which welcome the Chinese investments, and the Central Asian communities, which strongly distrusts the Chinese presence in the area especially due to the lack of information, available only within the governmental élites in dialogue with the BRI representatives (Overland et al., 2019).

The most evident relations between the EAEU's Countries and the BRI must be properly enriched with data, so a dutiful focus must be provided towards the Central Asian members of the Eurasian Economic Union, Kazakhstan and Kyrgyzstan indeed. Below, a set of data for the main Chinese projects in Kazakhstan and Kyrgyzstan is being provided (both BRI and non - BRI investments) thanks to a study conducted by an équipe of researchers of the CADGAT (Central Asia Data Gathering and Analysis Team)⁸³. The investment information to date have been collected in the year slot 2018 - 2019, and are referred to the Chinese investments made since 2014, year of establishment of the EAEU. The data are referred to projects which have been implemented or still in progress; the dataset includes also projects which was started and then, withdrawn (reference period for the CADGAT research: 1997 - 2022). The classification below follows the *topic area: Trade and Industrial Development (englobing Energetic Exploration/Extraction/Processing, Industries,*

⁸³ The CADGAT is a project lead by the Norwegian Institute of International Affairs (NUPI) and the OSCE. The data proposed in this part of the research have been revised from the official database, available in Excel format on the Official Website of the CADGAT: <http://osce-academy.net/en/research/cadgat/>. The credits for the data utilized go to the team members, consultable in the bibliographic references: Abylkasymova, A., Aimeé, A., Aminjonov, F., Eshchanov, B., Moldokanov, D., Overland, I., Vakulchuk, R., 2019.

Agriculture and Food, IT and Finance), Rail and Road Connectivity, Energy Connectivity, People - To - People projects.

**NUMBER OF BRI AND BILATERAL CHINESE PROJECTS
IN KAZAKHSTAN AND KYRGYZSTAN**

	KAZAKHSTAN	KYRGYZSTAN	TOT. INVESTMENTS
TRADE AND INDUSTRIAL DEVELOPMENT	50	11	61
Of Which:			
<i>ENERGETIC EXPLORATION/EXTRACTION/PROCESSING</i>	17	5	22
<i>INDUSTRIES</i>	13	2	15
<i>AGRICULTURE AND FOOD</i>	17	2	19
<i>IT AND FINANCE</i>	3	2	5
RAIL AND ROAD CONNECTIVITY	10	8	18
ENERGY CONNECTIVITY	11	3	14
PEOPLE – TO – PEOPLE PROJECTS	2	9	11
TOTAL INVESTMENTS PER COUNTRY	73	31	104

Table 11: Chinese investments in Kazakhstan and Kyrgyzstan (2014 -2024)

Source: CADGAT

**INVESTMENTS IN BRI AND BILATERAL CHINESE PROJECTS
IN KAZAKHSTAN AND KYRGYZSTAN (in USD/Millions)**

	KAZAKHSTAN	KYRGYZSTAN	TOT. INVESTMENTS
TRADE AND INDUSTRIAL DEVELOPMENT	29, 523.63	241.85	29, 765.48
Of Which:			
<i>ENERGETIC EXPLORATION/EXTRACTION/PROCESSING</i>	18, 668.5	64.5	18, 733

	KAZAKHSTAN	KYRGYZSTAN	TOT. INVESTMENTS
INDUSTRIES	6, 705.5	145.8	6, 851.3
AGRICULTURE AND FOOD	1, 049.63	31.55	1, 081.18
IT AND FINANCE	3, 100	<i>Data not available</i>	3100
RAIL AND ROAD CONNECTIVITY	6, 376	937.8	7, 313.8
ENERGY CONNECTIVITY	4, 121.8	2, 116	6, 237.8
PEOPLE – TO – PEOPLE PROJECTS	Data not available	26.59	26.59
TOTAL INVESTMENTS PER COUNTRY	40, 021.43	3, 322.24	43, 343.67

Table 12: Chinese investments in USD/Millions in Kazakhstan and Kyrgyzstan

Source: CADGAT

Giving a quick look to the data shown above, the Chinese investments are prevalingly focused in Kazakhstan in all the areas, except for the investments in *people - to - people* projects, which are more oriented towards Kyrgyzstan. Trade and Industrial development, rail and road connectivity and energy connectivity therefore are consistently focused in Kazakhstan. When considering the *nature* of the Chinese investments in these two countries, several classifications are followed in analysing the projects ⁸⁴:

- **Bilateral or Multilateral:** an investment is considered “bilateral” when stipulated among a Chinese government/company and Central Asian government/company, and “multilateral” when in addition with the government/company relations there is the additional presence of a financial multilateral institution (i.e. the China Development Bank, Export-Import Bank of China or New Silk Road Fund).
- **Local or Regional:** a project is considered “local” when circumscribed to a specific country, and “regional” when the project is involves many Central Asian countries.

⁸⁴ The classification is made according to the CADGAT research.

- Commercial or Strategic: a project has a “commercial” nature when the underlying objective is to improve the relation in commerce; it is instead “strategic” when the investment has propaedeutic function in order to develop broader macro - categories of investments (an investment can also be considered as both)

THE NATURE OF THE CHINESE INVESTMENTS

	TRADE AND INDUSTRIAL DEVELOPM.		RAIL AND ROAD CONNECT.		ENERGY CONNECT.		PEOPLE TO PEOPLE		TOTAL PER CLASSIFICATION (SUM= 104)
	KAZ	KYR	KAZ	KYR	KAZ	KYR	KAZ	KYR	
BILATERAL	50	10	10	7	11	3	2	8	101
MULTILATERAL	-	1	-	1	-	-	-	1	3
LOCAL	49	8	10	5	11	2	2	3	90
REGIONAL	1	3	-	3	-	1	-	6	14
COMMERCIAL	40	4	-	-	9	1	-	1	55
STRATEGIC	2	7	8	8	2	2	2	8	39
COMM/STRAT	8	-	2	-	-	-	-	-	10

Table 13: Classification of the Chinese investments in Kazakhstan and Kyrgyzstan

Source: CADGAT

TOTAL INVESTMENTS PER NATURE (PER EACH COUNTRY)

	KAZ	KYR
BILATERAL	73	28
MULTILATERAL	0	3
TOT.	73	31
LOCAL	72	18
REGIONAL	1	13
TOT.	73	31

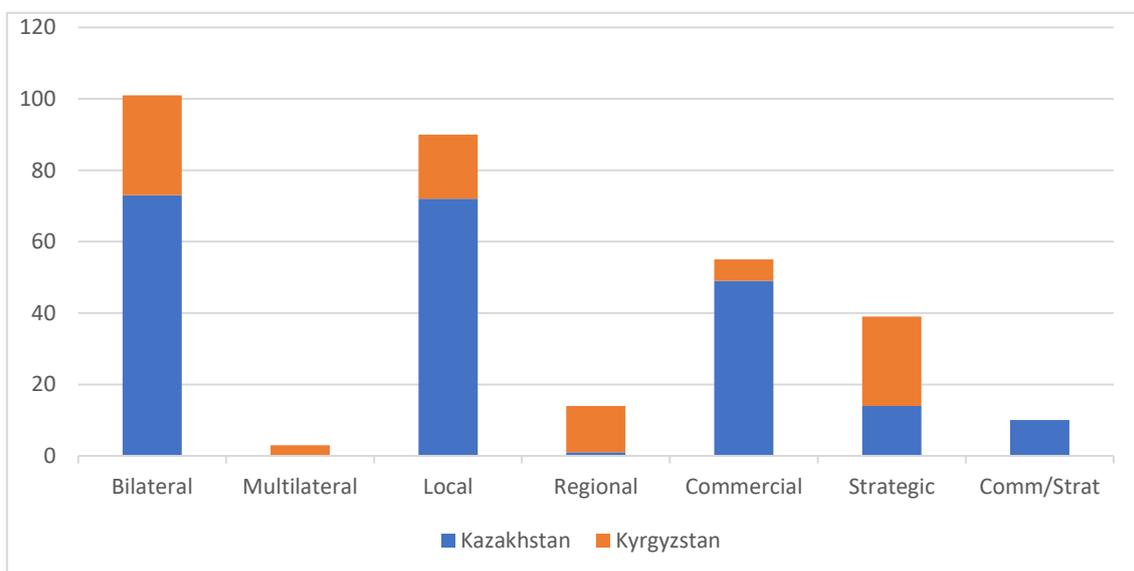
COMMERCIAL	49	6
STRATEGIC	14	25
COMM/STRAT	10	
TOT.	73	31

Table 14: The nature of the Chinese investments in Kazakhstan and Kyrgyzstan

Source: CADGAT

Before commenting the results reported, a summary of the total investment per category is provided for each country; it is to remember that Kazakhstan (according to the data provided and for the period 2014 - currently) is benefitting from 73 investments from China while Kyrgyzstan is benefitting from 31 investments, for an amount of 104 projects. Below, there is a graphic representation of the nature of the Chinese investments in Kazakhstan and Kyrgyzstan (Graph 5).

GRAPHIC REPRESENTATION OF THE CHINESE TOTAL INVESTMENTS PER NATURE



Graph 5: The graphic representation of the nature of the Chinese investments in Kazakhstan and Kyrgyzstan

Source: CADGAT

The 67.81% of the 104 projects considered is within the framework of the BRI; in Kazakhstan the 43.75% of the commercial projects, the 14.75 % of the strategic

projects and the 11.19% of the strategic and commercial projects is part of the BRI investments; in Kyrgyzstan only the 45.9% of the strategic investments is part of the BRI ⁸⁵. The situation of the Chinese investments in Kazakhstan and Kyrgyzstan is quite delicate and presents specific patterns; the nature of the investments (bilateral or multilateral, local or regional, strategic or commercial or commercial/strategic), in facts, seem to be shaped according to which sector China is investing in. Considering the data reported in Table 11 and Table 12, the *investments in trade and industrial development* are majoritarian, followed in equal share by *rail and road connectivity*, *energy connectivity* and *people - to - people projects*. *Trade and industrial development*, if compared with the other categories, is oriented mainly towards those investments not directly related with the construction of the infrastructures, but towards the productive fields. On a total amount of 104 investments spread in Kazakhstan and Kyrgyzstan, 61 (almost the 58.7%) are directed towards trade and industrial development (with a greater attention to energetic exploration/exploration/extraction/processing which is the 36% of these 61 investments), rail and road connectivity represent the 29%, energy connectivity represent the 23% and people to people projects (a category which involves the cultural exchanges among the regional environment) represent the 18.03% of the 61 investments in trade and industrial development. For what concerns the subdivision of the investments among the two states, Kazakhstan is undoubtedly the favoured one; in the total amount of 29, 756.48 USD/M of the *investments in trade and industrial development*, almost the 99% of these funds have been invested in Kazakhstan, with a prevalent interest in the energetic industrial sector (18, 668.5 USD/M invested in exploration/extraction/processing of energetic resources, versus 64.5 USD/M invested in Kyrgyzstan); also the industries benefits from huge Chinese investments (6, 705.5 USD/M in Kazakhstan versus 145.8 USD/M in Kyrgyzstan). The rail and road connectivity in Kazakhstan, benefits from 6, 376 USD/M, and the energy connectivity is receiving respectively 4, 121.8 USD/M (the amounts invested in Kyrgyzstan in the same two sectors are, respectively, 937.8 UDS/M and 2, 116 USD/M: absolutely minoritarian). Anyhow, the share invested for the people - to - people projects is 25.59 USD/M in Kyrgyzstan, whereas information

⁸⁵ Own elaborations from the CADGAT Database.

about the investments in the same sector in Kazakhstan are not available (even if the share is little if compared with the other investments).

With reference to Table 13, for what concerns the nature of the investments, here, many highlights can be found regarding the Chinese *going - abroad* strategy in Kazakhstan and Kyrgyzstan. The tendency of China to prefer bilateral negotiations rather than the multilateral ones clearly emerges when looking at the data: 101 bilateral investments (of which 73 directed towards Kazakhstan and 28 to Kyrgyzstan) versus 3 multilateral investments (exclusively in Kyrgyzstan) in a total amount of 104 investments. Furthermore, the trend to invest in local dimensions rather than in regional dimensions emerges: 40 local investments (of which 72 directed towards Kazakhstan and 18 towards Kyrgyzstan) versus 14 regional investments (13 in Kyrgyzstan and just one in Kazakhstan). Lastly, if we consider the commercial, strategic and commercial/strategic nature of the investments, 55 investments are directed towards the commercial field (prevailing in Kazakhstan) while 39 are strategic investments (prevailing in Kyrgyzstan); only 10 investments are both commercial and strategic and are all in Kazakhstan. *Trade and industrial development* sector benefits from the highest amount of bilateral investments (for both the countries even if with a deep gap, in which Kazakhstan figures as the favoured one), followed by the bilateral investments in energy connectivity and rail and road connectivity. The local and the commercial dimensions are the privileged ones (except for the rail and road connectivity for both the countries, where the nature of the investments cannot be other than strategic), stressing the evidence that among the sectors, trade and industrial development and the rail and road connectivity are the majoritarian beneficiaries. In Graph 5 there is a visual evidence of the analysis conducted so far; the prevalence of the bilateral, local and commercial nature is confirmed both in Kazakhstan and Kyrgyzstan, evidencing an almost - equal strategic dimension of the investments in the two countries; in Kyrgyzstan, then, the regional and multilateral natures of the investments (even if circumscribed in a small share) are majoritarian than in Kazakhstan.

The CADGAT researchers (referring to Abylkasymova et al, 2019), in their analysis conducted considering a wider sample (which considers a wider time span thus

including more investments) regarding the BRI Chinese investments, affirm that the investments in Kazakhstan encompass the total amount of the investments made in Uzbekistan, Tajikistan and Kyrgyzstan ⁸⁶. In the field of the energy connectivity projects, it is observable how the investments are modulated among small hydropower production plants (which investment is limited to few USD/M) and huge investments in pipelines for oil and gas transportation, and among the Central Asian states, Kazakhstan figures as the most dated energetic partner country (the Sino - Kazakh energetic relation was established in the late 1990's) ⁸⁷. The creation of railroad infrastructures, then, is in the hands of the Chinese contractors, whose investments swing from few USD/M to several USD/bn; the nature of the Central - Asian infrastructures is mainly local, anyhow these projects are undertaken considering the long - term ⁸⁸ (Abylkasymova at al., 2019).

The investments in Central Asia provide a dutiful deepening, which is propaedeutic to strive the conclusive scenario of the Chapter 4; another important part of this research has to be attributed to the Chinese stakes in **Russia**; the *Russian Far East* has been thoroughly analysed in the previous chapter, therefore another pivotal area in Russia which has to be considered is the Arctic Sea.

The governments of Russia and China have unanimously agreed to include the Russian Arctic into the BRI, informally called by the scholars the "Ice Silk Route". The Russian Arctic coastline encompasses more than a half of the whole Arctic shores, and Russia is absolutely aware of the strategic importance of this area, both for transport infrastructures (sea and river ports, railroads, airfields, ice - breakers nuclear fleets) and the wide and almost unexploited reserves of natural energetic resources (oil and gas, but also mining activities and nuclear power stations). Over the years, Russia has shown mild enthusiasm in involving China in the affairs related with the Northern Sea Route; in 2009 the Security Council of the Russian Federation

⁸⁶ For this specific information, Due to the various references to the team of the CADGAT, please find in the bibliography *The BRI in Central Asia: Industrial Projects*.

⁸⁷ For this specific information, Due to the various references to the team of the CADGAT, please find in the bibliography *The BRI in Central Asia: Energy Connectivity Projects*

⁸⁸ For this specific information, Due to the various references to the team of the CADGAT, please find in the bibliography *The BRI in Central Asia: Rail and Road Connectivity Projects*.

recognized the strategic function of the Arctic Sea for the *socio - economic development* of Russia and, adopting a series of strategy papers. In this scenario, Russia aims to include foreign investors; but, at the same time, Russia wants to limit excessive inference of third countries in the Arctic region. At the same time, China

THE NORTHERN SEA ROUTE



Fig. 11: The Northern Sea Route

Source: Russia Knowledge <http://www.russiaknowledge.com/2019/03/09/russias-arctic-north-sea-route/>

has always kept an eye on the North Sea Route; the Chinese interest in the area is enduring since 1999, and for over almost 20 years China has periodically made expeditions, establishing a permanent research station in 2004. Even if the Chinese interest in the area has been fictionalized as merely scientific, the admittance of China in the Arctic Council as an observing member and the experimentations of the COSCO (China Ocean Shipping Company) lead to the intuition that the self - proclamation as “ Near - Arctic State” is hiding geopolitical and economic interests in such a strategic zone (Alexeeva & Lasserre, 2019).

The Chinese stake in the Arctic follows two branches: the almost virgin energetic resources to be exploited and the Northern Sea Route, where to direct its maritime traffics avoiding other vulnerable routes; the strategic position of Russia in the

Arctic is also attributable due to the fact of being the biggest *gatekeeper* between Arctic and non - Arctic States. For what concerns the *inshore* exploitation, over the decades, Russia has gained considerable experience; anyhow, the *offshore* exploitation represents a contemporary challenge on which Russia is facing some difficulties due to the lack both of experience and technological/financial resources. The Yamal port is a pivotal Arctic area, in which a seaport is under construction, to ensure the future transportation of the energy resources extracted there (and directed to Asia) and the viability of many commercial routes. Even if the Chinese aim to replace the Western companies working on the Arctic shelves is clear enough, a mutual ground to effectively start an Arctic cooperation have not yet been established. The lack of an effective agreement on the issue is due to the same issue: Russia badly needs Chinese capitals and know - how, but do not want to allow its excessive inference in the energetic resources; on the other hand, China is strongly interested in providing the investments, but only if a significant role in the management of the resources would be allowed (Klimenko & Sørensen, 2017).

The Ice Silk Route can be considered as a branch of the Belt Road Initiative, and constitutes a contemporary and controverted issue in the Sino - Russian relations; and Sino - Russian dynamics in the Arctic seem to be in the same line not only with the hinterland of the Russian Far East and Siberia, but also with the Central Asian ones.

3.4 How the SCO and the BRI are impacting the EAEU nowadays

The analysis conducted so far regarding the Chinese going - abroad energy strategy, the Shanghai Cooperation Organisation and the Belt Road Initiative are intended to provide further comprehension towards the Eurasian Economic Union and its perspectives of integration both internally and with the Chinese partner. In light of the considerations taken into account in the current chapter and in the previous one, the importance attributable to the third parties in the development perspectives of the EAEU lies in the lack of the required capitals, and this point has to be stressed in order to clearly understand that currently, the EAEU is not able to help itself financially; without accessing foreign capitals, the risk in this situation is to

undertake a one - way stalemate in further integration of the EAEU, and, as a consequence, the self - denial to integrate and cooperate with other promising Partners.

Despite the proclamations of mutual trust, *win - win cooperation* and enhancement of the regional economic integration, the actions undertaken by China towards the Eurasian Economic Union (especially Russia, Kazakhstan and Kyrgyzstan) are narrowly oriented towards the energetic natural resources in order to sustain the Chinese growing demand for oil and particularly gas, and towards the ensuring of large exports of Chinese manufacturing goods within the EAEU. The willingness to provide infrastructural investments (almost - exclusively oriented to the exploitation of the natural resources) with the consequent pretension to exert majoritarian decision rights in the management, underlies in addition the purpose to acquire the more needed supplies of oil and gas at derisory prices.

To enhance the regional economic integration of the EAEU, improving the accessibility of foreign markets is one of the top priorities for the five Partner Countries (Petrosyan et al, 2019). As anticipated in Chapter 2, currently, a Trade and Economic Cooperation Agreement between the EAEU and China was signed in Astana (Kazakhstan) on May 17th, 2018 at the Astana Economic Forum ⁸⁹. The agreement is mainly oriented towards the integration of the EAEU with the BRI, involving technologies, capitals and raw materials ⁹⁰. The main goal to pursue with the agreement is related with the mitigation of the customs controls, enabling the electronic declaration of goods and the reduction of the documents required; the ratification process has been concluded in almost each country, even if the agreement is forecasted to come into force within 2019 (Petrosyan et al., 2019).

⁸⁹ Official Communication of the Eurasian Commission:

<http://www.eurasiancommission.org/en/nae/news/Pages/17-05-2018-5.aspx>

⁹⁰ Official Document of the Agreement, Available at the Official Website of the Eurasian Commission:

[http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/%D0%A1%D0%BE%D0%B3%D0%BB%D0%B0%D1%88%D0%B5%D0%BD%D0%B8%D0%B5%20%D1%81%20%D0%9A%D0%B8%D1%82%D0%B0%D0%B5%D0%BC/%D0%A2%D0%B5%D0%BA%D1%81%D1%82%20%D0%B0%D0%BD%D0%B3%D0%B8%D0%B9%D1%81%D0%BA%D0%B8%D0%B9%20\(EAEU%20alternate\)%20final.pdf](http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/%D0%A1%D0%BE%D0%B3%D0%BB%D0%B0%D1%88%D0%B5%D0%BD%D0%B8%D0%B5%20%D1%81%20%D0%9A%D0%B8%D1%82%D0%B0%D0%B5%D0%BC/%D0%A2%D0%B5%D0%BA%D1%81%D1%82%20%D0%B0%D0%BD%D0%B3%D0%B8%D0%B9%D1%81%D0%BA%D0%B8%D0%B9%20(EAEU%20alternate)%20final.pdf)

Assumed that the leading role in the commercial foreseen future is attributable to Asia, the Partner Countries of the EAEU are unanimously agreeing in undertaking the route of a non - preferential trade agreement with China. Even if the Chinese interests towards Russia, Kazakhstan and Kyrgyzstan have been analysed in detail, Armenia and Belarus cover a secondary interest for China within the EAEU. In fact, few specific provisions can be found even regarding the EAEU - China FTA: Armenia will benefit from *open skies* policies for air transportation and new investments in motorways, while Belarus will benefit from the *Great Stone* ⁹¹ Belarusian - Chinese industrial cluster, serving as a digital global hub (in addition with other infrastructural investments). Anyhow, further projects are under development to include Belarus and Armenia, but the policy makers have been extremely vague on both the sides in defining the nature and the timings. Anyhow, this agreement seems to be not completely structured in practical terms; in April 2019, the President of Russia (Vladimir Putin) affirmed to expect an official implementation of such agreement in the following months, concretizing the negotiations over the agreement without further delay ⁹² (the nature of the Chinese investments, so far has been bilateral, which is not surprising if considering that this is the favourite *modus operandi* for China when for example investing in Central Asian countries, see Graph 5).

This EAEU - China agreement has also arisen some questions among the insiders, questioning the feasibility due to the still immature harmonisation of the Partner Countries of the EAEU for what concerns taxes; anyhow, almost each partner is at least enthusiastic about the stipulation ⁹³. With this agreement, Russia has officially promoted a synergy between EAEU and the Belt Road Initiative, and the implications for Russia in the foreseen future are not predictable so easily. Even if the Russian

⁹¹ The Great Stone industrial park; information available at: <https://www.belarus.by/en/business/business-environment/industrial-park-great-stone>

⁹² April 25th 2019. *Putin expects EAEU-China cooperation deal to come into force in coming months*. TASS, Russia News Agency. Article available at: <https://tass.com/politics/1055553>

⁹³ Dezan Shira & Associates, May 17th 2018. *China's FTA with the EAEU Will Improve Market Access, EU Transhipments*. China Briefing. Available at: <https://www.china-briefing.com/news/chinas-fta-eaeu-will-improve-market-access-eu/>

government appears (at least, apparently) satisfied about the Sino - Russian cooperation, according once again to Migliavacca (2018), Russia should not be so enthusiastic; Russia, in fact, has more to lose and relatively few to gain: in the long term it is going to find itself subordinate to the Chinese diktat both concerning the prices of the raw materials and the political influence in the region.

In the last SCO Summit held in Bishkek (Kazakhstan) in June 2019, the President of China Xi Jinping has warmly exhorted the Partner Country to promote synergies between the BRI and other regional institutions like the EAEU

⁹⁴. As reported by the Chairman of the Board of the Eurasian Economic Commission, Tigran Sargsyan ⁹⁵, during the Summit pointed out that Russia, Kazakhstan and Kyrgyzstan are official members in the SCO while Belarus is an observer and Armenia gained the status of *dialogue partner*; the SCO's search for *paperless trade* would have a positive impact both on the circulation of the goods and transportation, and of course would foster the economic integration within the

THE SCO SUMMIT IN BISHKEK (June 2019)

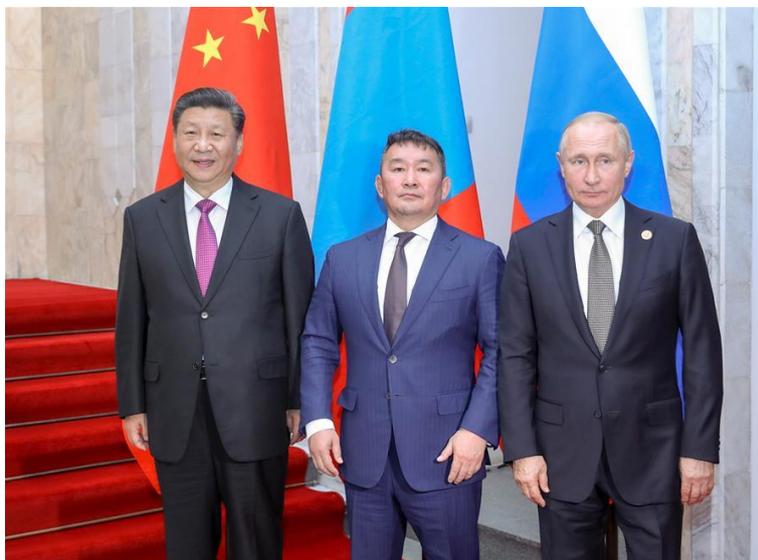


Fig. 12: From left, the President of China (Xi Jinping), the President of Mongolia (Khaltmaa Battulga) and the Russian President (Vladimir Putin) at the SCO Summit in Bishkek, June 14th, 2019.

Source: *China Daily*

<http://www.chinadaily.com.cn/a/201906/15/W55d0494c4a3103dbf14328645.html>

⁹⁴ Eleanor Albert, June 21st 2019. *The Shanghai Cooperation Organization: A Vehicle for Cooperation or Competition?*. The Diplomat. Available at: <https://thediplomat.com/2019/06/the-shanghai-cooperation-organization-a-vehicle-for-cooperation-or-competition/>

⁹⁵ The Official communication about the SCO Summit from the Eurasian Economic Commission. Available at the Official Website: <http://eec.eaeunion.org/en/nae/news/Pages/13-06-2019-2.aspx>

Partner Countries. The parties agreed to regularly exchange information through the Eurasian Economic Community and the SCO Secretariats on regular basis, in addition with the possibility to hold joint meetings. Furthermore, a prospect to formalize the EAEU - SCO relations through a Memorandum has been considered. The Chinese preference for the bilateral agreements undertaken with EAEU Partner Countries, threatened Russia for what concerns its hegemonic role in Central Asia, especially for what concerns Kazakhstan: with bilateral agreements each State has the same weight when dealing with China, and this condition had been perceived as worrying for Russia, as a prelude of its loss of influence in the Central Asian area. Therefore, in front of a Chinese pressure to boost the bilateral relations in order to promote its much - desired economic integration, Russia rejected it and meanwhile fostered the formal relation between China and the EAEU with the Free - Trade agreement of 2018 ⁹⁶. Which are then, the strategic roles played by SCO, BRI and EAEU in defining the Sino - Russian relationship? Which are the Chinese interests towards a further integration within the EAEU?

The dynamics among the two players suggest that even if they are trying to establish a fruitful cooperation, diffidence and mistrust are still permeating their relationship, both economically and geopolitically. The SCO, the multilateral framework in which all the Partner Countries of the EAEU are (more or less) involved, in this scenario figures as an enabling tool in implementing the BRI projects towards the EAEU; the Chinese aim to foster economic regional integration among the SCO countries, appears nothing but a strategic move towards the pursue of its interests. For China, finding a deal with the EAEU through economic integration, would mean to progressively gain the desired outcomes in one fell swoop. At the same time, the strengthening of the economic integration within the EAEU members would be certainly enhanced, as in the plans of the heads of the Eurasian Commission; what is certain, for sure, is that the short - term outcomes in terms of economic integration and infrastructure building will undoubtedly clash with what will be the long - term

⁹⁶ Jeff Schubert, August 5th 2019. *Russia and China's Positioning Within The Belt & Road, Shanghai Cooperation Organization & Eurasian Economic Union*. Silk Road Briefing. Article available at: <https://www.silkroadbriefing.com/news/2019/08/05/russia-chinas-positioning-within-belt-road-shanghai-cooperation-organization-urasian-economic-union/>

effects, especially with regard to the already - anticipated indirect interests of China towards the energy resources in Siberia and Central Asia.

3.5 Current investments of China in EAEU: import/export flows and FDI flows

Lastly, the current situation of the Chinese economic presence within the EAEU must be considered with data, providing an analysis of the bilateral import/export flows and the FDI. The latest data available are provided in Table 14 and Table 15, referred to the year 2017 for the import/export quotas and the year 2018 for the FDI. The import/export flows and the FDI flows are both expressed in USD/M.

EAEU - CHINA BILATERAL IMPORT/EXPORT QUOTAS (year 2017)

	CHINESE EXPORT TO	IMPORT IN CHINA FROM
RUSSIA	42, 800	41, 400
BELARUS	933.4	515.4
KAZAKHSTAN	11, 600	6, 400
KYRGYZSTAN	5, 300	87.1
ARMENIA	143,9	302.7
Total EAEU	60777.3 USD/M	48705.2 USD/M

Table 15 Import/export quotas between China and the EAEU

Source: UN Comtrade Database <https://comtrade.un.org/labs/dit-trade-vis/?reporter=826&type=C&year=2018&flow=2&commodity>

EAEU - CHINA BILATERAL FDI FLOWS (year 2018)

	CHINESE FDI TO	FDI IN CHINA FROM
RUSSIA	7, 840	254
BELARUS	100	10.4
KAZAKHSTAN	2, 700	40.9

KYRGYZSTAN	110.8	Not Available
ARMENIA	Not Available	Not Available
<u>Total EAEU</u>	<u>2918.64 USD/M</u>	<u>305.3 USD/M</u>

Table 16: FDI bilateral flows between China and the EAEU

Source:

China Global Investment tracker <http://www.aei.org/china-global-investment-tracker/>

Eurasian Economic Commission http://www.eurasiancommission.org/ru/act/integr_i_makroec/dep_stat/fin_stat/statistical_publications/Documents/finstat_5/finstat_5_2018.pdf

Official Websites of the Central Banks of Russia, Belarus and Kazakhstan
<https://www.cbr.ru/enq/>, <https://www.nbrb.by/enq/>,
<https://nationalbank.kz/?switch=english>

Considering the data reported in the two tables above, some considerations can be made regarding the embeddedness between the EAEU Partner Countries and China. Considering the FDI flows occurred in the year 2018, there is a consistent gap between China and the EAEU: the EAEU's share is less than a half of the Chinese investments within the EAEU. The investments are prevalingly concentrated in Russia and Kazakhstan; the pivotal interest for China towards the latter players can be confirmed, as well as the little interest in Armenia and Belarus (whose roles in the integration process between EAEU and BRI has been defined only in broad terms during the Astana Economic Forum of 2018); Kyrgyzstan benefits from a bit more investments than Armenia and Belarus, probably due to its strategic position in Central Asia, even if its situation is similar to them. On the other hand, the EAEU does not cover a relevant importance for what concerns the FDI inflows in China.

For what concerns the import/export flows, the situation is quite imbalanced. The import/export relation is based on large quantities manufacturing goods exported from China to the EAEU, while EAEU prevalingly exports raw materials and of course energetic resources; even if these dynamics may suggest complementarity, actually the reality is different (Sideri, 2011). Anyhow, only the Russia - China

commercial relation is almost equal in amount; the other countries face a deeper imbalance in favour of China, suggesting that a dependency relation might occur in the foreseen future.

The strategic interests of China are gradually being pursued through an active commercial penetration and huge amounts of investments in the EAEU; right now China is the most important trade partner in Eurasia, and many scholars argue that the massive Chinese presence in Central Asia and in the other Partner Countries may distract these latter from their commitment into the Russia – led integration process (Golam & Monowar, 2018); the data shown above can clearly confirm this statement and, at the same time, they should cause concern about the future perspectives of integration of the EAEU.

In light of the analysis conducted so far, it is clear that the role of China cannot be underestimated; in fact, the Chinese influence (not only intended as focused in Central Asia or particularly in Kazakhstan, where the investments are mainly concentrated) is decisive in the development of the EAEU (Vinokurov et al., 2016). The Sino - EAEU relations are brand new in the contemporary global geopolitical scenario, considering that the EAEU was born only about five years ago; therefore, it is a hard challenge to frame the situation. The only drawable assumptions can be made on the basis of the most recent formal rounds among China and EAEU, precisely the Free -Trade Agreement signed in Astana in 2018 and the SCO Summit in Bishkek of last June 2019, in addition with the analysis and the comparison of the most recent data concerning investment flows and import and export quotas. In defining this controverted relation between EAEU and China, in which diffidence is still permeating, the energy sector plays the most important role, in which both the parties are squeaking among themselves due to the lack of a common vision towards the natural resources in Central Asia, Siberia and the Ice Silk Route. This lack of agreement among both the players seems to have a direct impact on the concrete implementation of the provisions of the Free - Trade agreement, as, to date, very little has been concluded except for the continuation of the Chinese bilateral FDI and import export relations established well before the naissance of the EAEU itself. The continuation of this situation, in the long term, could turn out into a total loss of interest in the cooperation from both parties, turning from a *win - win relationship*

to a *lose - lose one*. In the worst scenario, it could become a *win - lose* relationship in which, undoubtedly, the injured part would be the EAEU: the *still - in progress* economic and social integration among the partner countries puts the organization itself in a vulnerable position, both concerning the internal relations among the partners and towards the foreign cooperation.

While the EAEU has been slowly developing, China established its role in Central Asia through the penetration on the oil and gas market (and the export of manufacturing goods), succeeding then in becoming the largest trading partner in the Central Asian region (Golam & Monowar, 2018). Anyhow, it must be considered that currently the Eurasian integration is proceeding slowly. According to Golam and Monowar (2018) once again, many crisis may arise in the foreseen future if the Partner Countries will not be willing to support with each other to foster the EAEU integration, adopting more effective actions than the ones adopted currently; according to this hypothesis, the outcome most likely to occur is the mere survival of the EAEU, without acquiring a relevant role in the international scenario, and facing the destiny of all the other integration attempts led by Russia over the years (like, for example, the Commonwealth of the Independent States), increasing also the risk of seeing the Member States unilaterally claiming benefits from Moscow. On the other hand, if the EAEU will not play smartly the game of receiving the Chinese investments needed for the internal and foreign integration against the concession to jointly exploit the energy resources, the most plausible scenario could incur a progressive stalemate of the EAEU; the challenge for the EAEU's Countries will be to counterbalance its own interests with the persistent Chinese presence.

CHAPTER 4 CONCLUSIONS

This research was begun providing a theoretical framework in the first chapter, concerning the dynamics related with multilateralism and regionalism, the current globalisation perspectives and the *Archipelago Globalisation* (M. Deaglio), and the static and dynamic analysis and the related effects. Chapter one is propaedeutic for the research conducted in the second and third chapter.

The second chapter is entirely dedicated to the Eurasian Economic Union (EAEU). Starting with the concept of modern Eurasianism and the geographical Post - Sovietic fragmentation (Russia, Central Asia, Transcaucasia, Eastern Europe, Baltic States), the various attempts of reunion carried out by Russia has then been analysed chronologically up to present day. The formation of the EAEU is the most recent Russia - led attempt to foster regional economic integration among some of the Post – Soviet Countries, which can be defined as “*holding together regionalism*” (Libman & Vikokurov, 2012). Then, the strategic interests and motivations that stimulated Russia to promote a new project of Eurasian regional integration are considered. The core of the second chapter lies in the analysis of the current status of integration among the Partner Countries, prevalingly focusing on the economic perspective (bilateral import/export data, FDI) and the diplomatic orientation in the foreign politics (the diplomatic relations of the Partner Countries in other regional organisations, both as members and as observers). Then, the EAEU diplomatic relations (Memorandums, Free Trade Agreements, Other negotiations) with other States and other regional institutions are analysed.

The third chapter introduces China, a very incisive element in the scenario of the EAEU. This part of the research starts with a premise on the energetic sector of the EAEU, the most valuable asset for its regional integration, which is related to the growing interest of China, the majoritarian buyer. The central part of this chapter is dedicated to the common institutions and projects which unite the EAEU’s Partner Countries and China: The Shanghai Cooperation Organisation and the Belt and Road Initiative. Therefore, the role of the Shanghai Cooperation Organisation is being analysed, considering the different connotations attributed to such body by Russia

and China. The Belt and Road initiative, then, is being broadly considered (enriched by data) especially for what concerns the Chinese interest in Central Asia and along the Ice Silk Route, considering also in this framework the Non - Preferential Trade Agreement between the EAEU and China. In the last part of this chapter, then, some data are provided concerning the bilateral import/export flows and the FDI.

The research conducted so far aims to answer to a question: *who benefits from the creation of the EAEU?* However, indeed, this question is aiming to answer to a double interrogative: *which benefits get the Partner Countries from the EAEU? Which benefits gets China from the EAEU?*

For what concerns the benefits that the EAEU countries get from regional integration, the answer must be split in two points, one regarding Russia and another regarding Kazakhstan, Kyrgyzstan, Armenia and Belarus.

The Russian interest appears purely attributable to a geopolitical interest and the aim to establish itself as an Eurasian Leader. The series of events (in 2004 in Ukraine and in 2008 in Georgia) culminating in the Crisis of Ukraine of 2014, costed the fury of the whole Western world towards Russia; the EAEU is nothing but the product of the search for new support among the Eurasian dimension. As long as Russia ensures economic benefits to its Partners, its leadership is not questioned by them. The benefits for Russia, then, are amenable to a huge authority in leading the EAEU and, as a consequence, to a new geopolitical orientation and a renewed image of prestige. The benefits for the other Partner countries, then, one way or another are attributable to an economic motivation. Kazakhstan is the Partner Country which most believes in Eurasian integration and can promote it actively thanks to a more wealthy economic situation than in Belarus, Armenia and Kyrgyzstan. Belarus, despite its tightened relations with Russia and Kazakhstan (Union State, Eurasian Customs Union), while claiming for an equal treatment among the Partner Countries, asks for benefits in terms of energy supplies and in commercial and financial relations especially towards Russia; at the same time, it juggles between the EU and the EAEU, getting the advantages from both. Same situation is attributable to Armenia, which is one of the poorest countries, showing a strong interest in the EU while being part of the EAEU. Kyrgyzstan, then, he sees in the Eurasian regionalism a possibility of economic recovery from a situation of non -

wealth. In light of these considerations, the geopolitical interest must definitely be excluded for the four Countries, as their interest is purely attributable to an economic logic, and, currently, the perspectives suggest that further political integration among the EAEU is very far to occur.

The benefits that China may get from the EAEU are various and seem to cover a strategic interest. The pivotal interest of China towards Siberia and Central Asia for the supply of energetic resources is now reunited under a single, wide project of economic integration: in addition with the bilateral investments poured into the EAEU's Partner Countries, now China is having the chance to stipulate agreements directly with the EAEU (which, by the way, is already happening). The chance to integrate the BRI (which involves both Russia and Kazakhstan in two main routes) with the EAEU could mean a facilitation for China in obtaining the desired results: export of Chinese goods much easily (both in Eurasia and towards the West), make investments in infrastructures and in the energy sector, consolidating then its presence in this strategic area. The interest in providing infrastructures in the energy field is nothing but aimed to acquire control over the resources, making claims of joint exploitation in exchange for strategic capital. The benefit which China may obtain from the EAEU is a substantial simplification in implementing the Belt Road Initiative, moving from a bilateral dimension with the Countries to a multilateral one.

The relation of the EAEU with China is undoubtedly lead by Russia, and the Sino - Russian relation is quite sour and permeated by mistrust; this condition in their relation endures since the SCO, in which both the players have different visions. The EAEU needs strategic investments in order to boots the integration process, as the current bilateral FDI are not enough to provide a proper development. The biggest challenge for the EAEU will be to understand how to benefit from Chinese foreign investments, and, at the same time, autonomously manage its geostrategic assets, especially the energetic ones (Siberia, the Ice silk Route, Central Asia).

Although this research has tried to draw some accurate conclusions (based on scientific literature and the most recent data available), the young connotation of the EAEU makes difficult to propose univocal answers; the different interpretations attributable to the EAEU process of development should be attributed gradually and

considering multiple variables. The same logic applies to China and its strategic targets within the EAEU with the BRI. What is certainly clear is that a multipolar scenario is slowly being created through the action of the major global players: the multitude of economic islands which are progressively emerging is destined to co-exist with interdependencies and different leaderships patterns. The challenge for the future will be to be able to balance these dynamics. The EAEU and China are a concrete example.

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